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DEMETRIOU, DEL GUERCIO, SPRINGER & MOYER
ATTORNEYS AT LAW
801 SOUTH GRAND AVENUE, 10TH FLOOR
LOS ANGELES, CALIFORNIA 90017
(213) 624-8407

RONALD J. DEL GUERCIO
RICHARD A. DEL GUERCIO
JEFFREY Z. B. SPRINGER
CRAIG A. MOYER
JOHN J. HARRIS
ANGELA SHANAHAN
STEPHEN A. DEL GUERCIO
MICHAEL A. FRANCIS
JEFFREY B. WOLIN
ADAM D. GROSSMAN
MELISSA A. CHAITIN
JASON L. GLOVINSKY
ELLA L. BROWN
MARY L. WATKINS
ADAM D. DUNCAN

CHRIS G. DEMETRIOU (1915-1989)

OF COUNSEL
W. SCOTT LOVEJOY III
WILLIAM ELLIOTT VINEY
JOHN S. McDONALD
GEORGE J. MASON

JANE H. BENSON
FIRM ADMINISTRATOR

FAX (213) 624-0174

October 15, 1992

U.S. CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Chris Stubbs
South Coast Groundwater Section (H-6-4)
United States Environmental Protection Agency
P.O. Box 193036
San Francisco, California 94119-3036

Re: CERCLA Section 104 Information Request
11258 - 11310 Sherman Way, Sun Valley, California

Dear Mr. Stubbs:

This letter is provided in response to Mr. Keith A. Takata's "Request for Information" dated September 4, 1992. The responses to the information request are organized according to the question numbers. Stellar Hydraulics, a former division of Canoga Industries, Inc. (a subsidiary of Zero Corporation), leased and operated the facility at the above captioned location during the period of April 8, 1976 until July 19, 1978. Since July 19, 1978, Zero Corporation and Canoga Industries have had no involvement, affiliation or association with such property or Stellar Hydraulics.

Question No. 1:

Describe your business operations and activities at the facility. Include a description of the goods and services produced and furnished and an explanation of the processes involved in their production and furnishing. In addition, provide a summary of any and all changes in the types of goods and services produced and furnished, including but not limited to any changes in the production or furnishing of processes and the dates of such changes since operations began at the facility.

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Response No. 1:

During the period of April 8, 1976 through July 19, 1978 Stellar Hydraulics, a former division of Canoga Industries, produced hydraulic and mechanical aircraft parts and assemblies and overhauled landing gear for commercial and military aircraft.

Question No. 2:

State the dates during which you owned, operated or leased any portion of the facility, and provide copies of all documents evidencing or relating to such ownership, operation, or lease, including but not limited to, purchase and sale agreements, deeds, and leases.

Response No. 2:

Stellar Hydraulics, a division of Canoga Industries, leased and operated the facility from April 8, 1976 until July 19, 1978. Canoga Industries is a subsidiary of Zero Corporation.

A. The merger agreement effective April 8, 1976 plus other documentation related to Zero Corporation's acquisition of Canoga Industries ("Canoga") (of which Stellar Hydraulics ("Stellar"), was an operating division) is contained in two bound volumes. Zero Corporation's June 19, 1992 response to the EPA's May 14, 1992 information request provides the index for such bound volumes.

Canoga Industries believes it is too burdensome to break these volumes apart and provide copies of the documentation. However, EPA representatives, upon reasonable notice and during normal working hours, may have full access to these volumes in Zero Corporation's offices for review and such representatives may copy the documents contained in such bound volumes if he/she so chooses.

Marcia Preston, EPA Assistant Regional Counsel was consulted regarding this response and it was agreed that this response is satisfactory without limiting the EPA's right to request additional information at a later date.

B. The Purchase Agreement (plus other documentation related thereto) dated July 19, 1978 concerning Zero Corporation's divestiture of all common stocks of Canoga Landing Gear, Inc. ("CLG") (a corporation which had acquired certain assets and assumed certain liabilities related to Stellar Hydraulics operations including those associated with the above captioned facility) to Bertea Landing Gear, Inc. ("BLG") (a wholly-owned subsidiary of Bertea Corporation ("Bertea")), is contained in a bound volume which is about three inches thick. Zero Corporation's June 19, 1992 response to the EPA's May 14, 1992 information request provides the index for such bound volumes.

Canoga believes it is too burdensome to break this volume apart and provide copies of the documentation. However, EPA representatives, upon reasonable notice and during normal working hours, may have full access to this volume for review and such representative may copy the documents contained in such document if he/she so chooses.

Marcia Preston, EPA Assistant Regional Counsel, was consulted regarding this response and it was agreed that this response is satisfactory without limiting the EPA's right to request additional information at a later date.

C. During the period of Canoga's involvement with the property, the facilities were leased from Messrs. Gordon N. Wagner and Joseph W. Basinger pursuant to a lease agreement dated November 6, 1975. CLG's obligations pursuant to this lease were assumed by BLG on July 19, 1978. A copy of the lease is included in the documents associated with the divestiture of CLG (Exhibit "B"). Specifically the lease is an exhibit to the "Purchase Agreement."

<u>Question No. 3</u>:

Did you acquire or lease the facility after the disposal or placement of any hazardous substances on, in, or at the facility? Describe all of the facts on which you base the answer to this question.

<u>Response No. 3</u>:

Canoga is unaware of any disposal or placement of any hazardous substances on, in, or at the facility. At the time Canoga became involved with the facility, it performed a preacquisition review of the property which was customary within the industry. There is no indication that such review yielded any evidence suggesting that there was the disposal or placement of any hazardous substances on, in, or at the facility.

Question No. 4:

At the time you acquired or leased the facility, did you know or have reason to know that any hazardous substance was disposed of on, in, or at the facility? Describe all investigations of the facility that you took prior to acquiring or leasing the facility, and all of the facts on which you base the answer to this question.

Response No. 4:

Canoga was involved with the subject facility on April 8, 1976 and at that time, Zero Corporation performed a preacquisition review of the property that was consistent with industry practices. Canoga was not aware of any evidence which suggested that any hazardous substance was disposed of on, in, or at the facility.

Question No. 5:

Did you ever transport to the facility or use, purchase, generate, store, treat, dispose, or otherwise handle at the facility any hazardous materials? If the answer to the question is anything but an unqualified "No", identify for the entire time period the facility has been in operation:

(a) In general terms, the types of hazardous materials transported, used, purchased, generated, stored, treated, disposed, or otherwise handled, and the purposes for your transportation, use, purchase, generation, storage, treatment, disposal, or handling of such hazardous material;

(b) The name, Chemical Abstract Service (CAS No.), chemical composition, characteristics, and physical state (e.g., solid, liquid, gas) of each hazardous materials so transported, used, purchased, generated, stored, treated, disposed, or otherwise handled;

(c) The person who supplied you with each such hazardous material or how each such hazardous material was generated by you;

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(d) How each such hazardous material was transported, used, purchased, stored, treated, disposed, or otherwise handled by you;

(e) The time period during which each such hazardous material was transported, used, purchased, generated, stored, treated, disposed, or otherwise handled by you;

(f) Where each such hazardous material was used, purchased, generated, stored, treated, disposed, or otherwise handled by you, describing the locations or providing a map or diagram of such locations. Location information should include, but is not limited to, information pertaining to tanks, ponds, treatment facilities, and other units where hazardous materials were used, generated, stored, treated or disposed of, but which may no longer exist;

(g) The person who transported and/or disposed of each such hazardous material. If disposal off of the facility occurred, provide a detailed description, including copies of manifest, and identify the location where the hazardous material was transported;

(h) The annual quantity of each such hazardous material used, purchased, generated, stored, treated, transported, disposed or otherwise handled by you, reported in gallons for liquids and pounds for solids for every year the facility was in operation.

(i) Provide Material Safety Data Sheets (MSDS) for each hazardous material used, purchased, generated, stored, treated, transported, disposed, or otherwise handled by you.

Response No. 5:

Canoga believes Stellar Hydraulics' operations involved the use of cutting fluids and hydraulic oils. However, Canoga is unable to provide the requested information due to its lack of availability.

Question No. 6:

Identify all leaks, spills, releases or threats of releases of any kind into the environment of any hazardous material that have occurred or may occur at or from the facility. In addition, identify:

(a) When such releases occurred, or may occur;

(b) How the releases occurred or may occur;

(c) What hazardous materials were released or may be released;

(d) What amount of each such hazardous material was released or may be released;

(e) Where such releases occurred or may occur, describing the locations and providing a map or diagram of such locations;

(f) Any and all activity undertaken in response to each such release or threatened release;

(g) Any and all investigations of the circumstances, nature, extent, or location of each such release or threatened release, including the results of any soil, water (ground and surface) or air testing that was undertaken;

(h) Whether any reports of any such release was made to any public agency, and the content of that report;

(i) All persons with information relating to subparts a through h of this question.

Response No. 6:

Canoga is unaware of any leaks, spills, releases or threats of releases of any kind into the environment of any hazardous material that have occurred or may occur at or from the facility.

Question No. 7:

If any releases or threatened release identified in response to Question No. 12, above, occurred into any subsurface disposal system, floor drain, sump, or drywell inside or under any buildings located on the facility, further identify:

(a) Precisely where the disposal, floor drain, sump, or drywell is and was located;

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(b) When the disposal system, floor drain, sump, or drywell was installed;

(c) Whether the disposal system, floor drain, sump, or drywell was connected to pipes;

(d) Where such pipes are or were located, describing the locations and providing a map or diagram of such location;

(e) When such pipes were installed;

(f) How and when such pipes were replaced, repaired, or otherwise changed.

Response No. 7:

Canoga is unaware of any leaks, spills, releases or threats of releases of any kind into the environment of any hazardous material that have occurred or may occur at or from the facility.

Question No. 8:

Describe any acts or omissions of any persons, other than your employees, agents, or those persons with whom you had a contractual relationship, that may have caused any release or threat of release of hazardous materials at the facility and any damages relating thereto and identify such persons. In addition:

(a) Describe all precautions that you took against foreseeable acts or omissions of any such third parties, and the consequence that could foreseeably result from such acts or omissions;

(b) Describe the care you exercised with respect to the hazardous materials found at the facility.

Response No. 8:

Canoga is unaware of any release or threatened release of hazardous materials at the facility.

Accordingly, Canoga is unaware of any acts or omissions of any persons that may have caused any release or threat of release of hazardous materials at the facility. During its period of involvement, the facility was operated pursuant to industry standards and in compliance with applicable law.

<u>Question No. 9</u>:

Identify all divisions and subsidiary companies, corporations, and business entities of respondent. Describe your interest in or ownership of each company, corporation, or business entity. Identify all parent companies or corporations of Respondent, and describe their interest in or ownership of Respondent. This information may be presented as a table or illustration.

<u>Response No. 9</u>:

Canoga owns all of the assets of two unincorporated divisions; Electronic Solutions and Scanbe. Canoga is a wholly-owned subsidiary of Zero Corporation.

<u>Question No. 10</u>:

Provide a copy of the current Articles of Incorporation and Bylaws of the Respondent. In addition, provide copies of the Articles of Incorporation for all corporations which are predecessors to Respondent.

<u>Response No. 10</u>:

Attached, and marked as Exhibit "A," are copies of the following documents:

Restated Articles of Incorporation, Canoga Electronics Corporation, a Nevada corporation, filed May 25, 1966;

Certificate of Amendment, Canoga Electronics Corporation, a Nevada corporation, filed December 26, 1967;

Restated Articles of Incorporation, Canoga Electronics Corporation, a Nevada corporation, filed May 25, 1966, changing the name of the corporation to Canoga Industries;

By-Laws of Canoga Electronics Corporation, now Canoga Industries, as amended through December 14, 1972.

There are no records available regarding predecessor companies of Canoga Industries.

Question No. 11:

State Respondent's standard industrial classification (SIC) Code, if any, including the date the code was determined or last updated.

Response No. 11:

Canoga believes 3728 was the SIC code for Stellar Hydraulics during the period of time when Stellar Hydraulics was a division of Canoga.

Question No. 12:

Provide copies of any and all operating permits issued to Respondent by the South Coast Air Quality Management District.

Response No. 12:

Canoga does not have any South Coast Air Quality Management District permits related to the subject facility.

Question No. 13:

Do you currently own or operate any other facility, or have you owned or operated any other facilities in the past, located in the San Fernando Valley? If so, provide the following information:

(a) Name of the facility;

(b) Brief description of operations taking place at the facility, including principal product or service sold or furnished;

(c) Date you acquired or otherwise began operations at the facility;

(d) Date you sold or otherwise ceased operations at the facility, if applicable.

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Response No. 13:

Canoga does not currently own or operate any facility in the San Fernando Valley. Additionally, Canoga has not owned or operated any other facility in the San Fernando Valley.

Question No. 14:

Provide all documents evidencing Respondent's acquisition of Stellar Hydraulics Company.

Response No. 14:

Canoga does not have available any documents evidencing Canoga's acquisition of Stellar.

Question No. 15:

Provide all financial statements for the past five fiscal years, including but not limited to those filed with the federal Internal Revenue Service, the Franchise Tax Board, and the Securities and Exchange Commission.

Response No. 15:

Canoga Industries' financial statements are consolidated with those of Zero Corporation and affiliates. Zero Corporation's June 19, 1992 response to the EPA's May 14, 1992 information request provides copies of such financial statements for the period through June 19, 1992. Copies of the most recent financial statements are provided herewith and marked as Exhibit "B".

Question No. 16:

Provide copies of all income tax returns including all schedules sent by you to the Federal Internal Revenue Service in the last five years.

Response No. 16:

Canoga Industries does not file separate income tax returns with the Internal Revenue Service. Zero Corporation's June 19, 1992 response to the EPA's May 14, 1992 information request provided copies of its financial statements for the period through June 19, 1992.

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Copies of the most recent financial statements of Zero Corporation are provided herewith as Exhibit "B."

Question No. 17:

Provide a list, by insurer and policy number, identifying all comprehensive general liability and environmental impairment insurance currently in effect for Respondent covering personal injury and property damages to third parties, both for sudden and non sudden accidental occurrences. Specify the policy limits and expiration dates for each policy.

Response No. 17:

Policy Period	CGL Insurer	Policy No.	Policy Limit
12/1/91 - 11/30/92	Home Indemnity	GLRF 385769	$ 1,000,000
	California Union (Umbrella)	EU0005249	$ 5,000,000
	Home Insurance (Umbrella)	HXLF269592	$20,000,000

Question No. 18:

Provide a list, by insurer and policy number identifying all comprehensive general liability and environmental impairment insurance in effect for respondent during the time you owned, operated, or leased the facility covering personal injury and property damages to third parties, both for sudden and non sudden accidental occurrences. Specify the policy limits and expiration dates for each policy.

Response No. 18:

Policy Period	CGL Insurer	Policy No.	Policy Limit
12/1/74 - 11/30/77	Federal Ins. Co.	7795-47-24	Not Available
12/1/77 - 11/30/78	(78)	7795-47-25	

(Umbrella Policy Not Available)

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* * * * *

Mr. James Osterman and Ms. Anita Cutchall provided the responses to the 18 EPA information requests. Canoga made a diligent search of its available records regarding the above-captioned facility and conducted interviews of the appropriate employees to prepare the responses provided above. However, Canoga has not provided a notarized affidavit pursuant to the EPA's request. Canoga is unaware of EPA's authority to make such a request.

If questions arise concerning this transmittal please contact the undersigned.

Very truly yours,

Michael A. Francis

MAF:yc

Enclosures

CONFORMED

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number: 1-5260

Zero Corporation

(Exact name of registrant as set forth in its charter)

Delaware	95-1718077
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

444 South Flower Street, Suite #2100, Los Angeles, CA 90071-2922
(Address of principal executive offices) (Zip Code)

(213) 629-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **YES [X] NO [ ]**

There were 15,716,087 shares of Registrant's Common Stock outstanding as of July 31, 1992.

PART I - FINANCIAL INFORMATION

Corporation for which information is given:

This report is filed for Zero Corporation and its subsidiaries (hereafter "Registrant" or "Company") for the quarterly period ended June 30, 1992.

Item 1. Financial Statements

a. The Statements of Consolidated Income required by Rule 10-01 of Regulation S-X are herewith filed as Exhibit Ia and are incorporated herein by reference.

The Consolidated Balance Sheets required by Rule 10-01 of Regulation S-X are herewith filed as Exhibit Ib and are incorporated herein by reference.

The Statements of Consolidated Cash Flows required by Rule 10-01 of Regulation S-X are as follows:

	For The Three Months Ended	
	JUNE 30, 1992	JUNE 30, 1991
OPERATING ACTIVITIES:		
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,124,000	$ 3,806,000
INVESTING ACTIVITIES:		
(INCREASE) DECREASE IN SHORT-TERM INVESTMENTS	(4,011,000)	6,243,000
PROPERTY, PLANT AND EQUIPMENT ADDITIONS	(801,000)	(1,104,000)
OTHER	(493,000)	---
NET CASH REQUIRED BY INVESTING ACTIVITIES	(5,305,000)	5,139,000
FINANCING ACTIVITIES:		
DIVIDENDS PAID	(1,571,000)	(1,569,000)
NET PAYMENTS ON LONG-TERM DEBT	(128,000)	(660,000)
OTHER (INCLUDING EFFECT OF EXCHANGE RATE CHANGES)	186,000	(74,000)
NET CASH REQUIRED BY FINANCING ACTIVITIES	(1,513,000)	(2,303,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,694,000)	6,642,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,310,000	9,469,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD *	$ 8,616,000	$ 16,111,000

These Statements of Consolidated Cash Flows for the three months ended June 30, 1992 and 1991 are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the results of the periods.

* Cash and Cash Equivalents include liquid investments purchased with maturities of three months or less. At June 30, 1992 and 1991 short-term investments with maturities longer than three months totaled $14,400,000 and $4,423,000, respectively.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

The following should be read in conjunction with the financial statements included or incorporated herein by reference.

Results of Operations:

Net Sales for the three months ended June 30, 1992 decreased 7% when compared to the prior period. The decrease was primarily related to the general downturn in the government/military and airline/airborne cargo markets caused by the continuing recession.

For the three months ended June 30, 1992, Cost of Sales as a percent of Net Sales decreased nearly 2% when compared to the prior period primarily due to product mix, volume efficiencies and cost reduction programs implemented in fiscal 1992.

Selling and Administrative Expenses decreased $627,000 during fiscal 1993 but were unchanged as a percent of Net Sales when compared with the prior period.

The Company continues to focus on opportunities to reduce costs and believes that these efforts should result in increased earnings when the economy improves.

Financial Condition:

Cash provided by operating activities for the three months ended June 30, 1992 decreased $1,682,000 when compared to the prior period primarily as the result of increases in receivables and inventories during the current year period, partially offset by higher accruals and payables.

The Company's working capital at June 30, 1992 was $58,247,000 versus $56,223,000 at March 31, 1992. Management believes that cash from operations, together with the Company's short-term investments and ability to obtain financing, will provide adequate funds for the Company's short-term and foreseeable long-term needs, including potential acquisitions. The Company will continue to invest its available funds in highly liquid, low risk short-term investments.

Exhibit Ia - The Company's Statements of Consolidated Income for the three months ended June 30, 1992 and 1991.

Exhibit Ib - The Company's Consolidated Balance Sheets as of June 30, 1992 and March 31, 1992.

PART II - OTHER INFORMATION

Item 2. Changes in Securities

b. Under the most restrictive provisions of the Company's loan agreements, the Company is required to maintain consolidated working capital of $15,000,000, to maintain certain financial ratios and to restrict cash dividends or other distributions with respect to common stock. At June 30, 1992, retained earnings of approximately $19,900,000 were available for the payment of dividends.

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits - None

b. Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ZERO CORPORATION

Date: August 7, 1992

/s/ G. A. Daniels

G. A. Daniels, Vice President
and Chief Financial Officer

/s/ E. A. Sand

E. A. Sand, Controller
and Chief Accounting Officer

ZERO CORPORATION AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

	Three Months Ended June 30, 1992	Three Months Ended June 30, 1991
NET SALES	$ 39,870,000	$ 42,863,000
INTEREST INCOME	154,000	337,000
OTHER INCOME	176,000	221,000
TOTAL:	40,200,000	43,421,000
COST AND EXPENSES:		
COST OF SALES	25,319,000	27,890,000
SELLING AND ADMINISTRATION EXPENSES	8,798,000	9,425,000
DEPRECIATION AND AMORTIZATION	1,161,000	1,156,000
INTEREST EXPENSE	190,000	203,000
TOTAL:	35,468,000	38,674,000
INCOME BEFORE TAXES	4,732,000	4,747,000
INCOME TAXES	1,868,000	1,900,000
NET INCOME	$ 2,864,000	$ 2,847,000
PRIMARY EARNINGS PER SHARE	$ 0.18	$ 0.18
DIVIDENDS DECLARED PER SHARE	$ 0.10	$ 0.10
AVERAGE NUMBER OF SHARES OUTSTANDING	15,728,000	15,714,000

These Statements of Consolidated Income for the three months ended June 30, 1992 and 1991 are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the results for the periods.

Exhibit Ia

ZERO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30, 1992	March 31, 1992
ASSETS		
CURRENT ASSETS		
CASH AND SHORT-TERM INVESTMENTS	$ 23,016,000	$ 23,699,000
ACCOUNTS RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCTS. OF $841,000 AND $801,000, RESPECTIVELY)	25,491,000	23,558,000
INVENTORIES		
RAW MATERIALS AND SUPPLIES	13,358,000	11,963,000
WORK IN PROCESS	7,458,000	7,550,000
FINISHED GOODS	3,746,000	3,956,000
OTHER	6,257,000	5,453,000
TOTAL CURRENT ASSETS	79,326,000	76,179,000
PROPERTY, PLANT AND EQUIPMENT	68,929,000	68,218,000
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	(39,729,000)	(38,905,000)
NET PROPERTY, PLANT AND EQUIPMENT	29,200,000	29,313,000
NET COSTS IN EXCESS OF BOOK VALUE OF ASSETS ACQUIRED	32,303,000	33,069,000
NOTES RECEIVABLE AND OTHER ASSETS	12,252,000	11,918,000
TOTAL ASSETS	$ 153,081,000	$ 150,479,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
ACCOUNTS AND NOTES PAYABLE	$ 6,742,000	$ 5,211,000
ACCRUED WAGES AND COMMISSIONS	5,158,000	5,793,000
ACCRUED INCOME AND OTHER TAXES	2,929,000	1,410,000
OTHER (INCLUDING PLANT RELOCATION)	6,250,000	7,542,000
TOTAL CURRENT LIABILITIES	21,079,000	19,956,000
LONG-TERM LIABILITIES		
LONG-TERM DEBT	924,000	1,172,000
OTHER (PRIMARILY DEFERRED COMPENSATION)	6,130,000	6,286,000
TOTAL LONG-TERM LIABILITIES	7,054,000	7,458,000
STOCKHOLDERS' EQUITY		
PREFERRED STOCK $.01 PAR VALUE; NONE ISSUED		
COMMON STOCK $.01 PAR VALUE	159,000	159,000
ADDITIONAL PAID IN CAPITAL	27,264,000	27,236,000
RETAINED EARNINGS	98,087,000	96,794,000
	125,510,000	124,189,000
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	1,115,000	553,000
TREASURY STOCK (162,700 SHARES), AT COST	(1,677,000)	(1,677,000)
TOTAL STOCKHOLDERS' EQUITY	124,948,000	123,065,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 153,081,000	$ 150,479,000

The Consolidated Balance Sheet as of June 30, 1992 is unaudited but, in the opinion of management, reflects all adjustments (consisting of normal recurring adjustments) necessary to present fairly the Company's financial position.

Exhibit Ib

CONFORMED

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number: 1-5260

Zero Corporation

(Exact name of registrant as set forth in its charter)

Delaware	95-1718077
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

444 South Flower Street, Suite #2100, Los Angeles, CA 90071-2922
(Address of principal executive offices) (Zip Code)

(213)629-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **YES [X] NO [ ]**

There were 15,716,087 shares of Registrant's Common Stock outstanding as of July 31, 1992.

PART I - FINANCIAL INFORMATION

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NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,124,000	$ 3,806,000
INVESTING ACTIVITIES:		
(INCREASE) DECREASE IN SHORT-TERM INVESTMENTS	(4,011,000)	6,243,000
PROPERTY, PLANT AND EQUIPMENT ADDITIONS	(801,000)	(1,104,000)
OTHER	(493,000)	---
NET CASH REQUIRED BY INVESTING ACTIVITIES	(5,305,000)	5,139,000
FINANCING ACTIVITIES:		
DIVIDENDS PAID	(1,571,000)	(1,569,000)
NET PAYMENTS ON LONG-TERM DEBT	(128,000)	(660,000)
OTHER (INCLUDING EFFECT OF EXCHANGE RATE CHANGES)	186,000	(74,000)
NET CASH REQUIRED BY FINANCING ACTIVITIES	(1,513,000)	(2,303,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,694,000)	6,642,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,310,000	9,469,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD *	$ 8,616,000	$ 16,111,000

These Statements of Consolidated Cash Flows for the three months ended June 30, 1992 and 1991 are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the results of the periods.

* Cash and Cash Equivalents include liquid investments purchased with maturities of three months or less. At June 30, 1992 and 1991 short-term investments with maturities longer than three months totaled $14,400,000 and $4,423,000, respectively.

Item 2. <u>Management's Discussion and Analysis of Results of Operations and Financial Condition</u>

The following should be read in conjunction with the financial statements included or incorporated herein by reference.

Results of Operations:

Net Sales for the three months ended June 30, 1992 decreased 7% when compared to the prior period. The decrease was primarily related to the general downturn in the government/military and airline/airborne cargo markets caused by the continuing recession.

For the three months ended June 30, 1992, Cost of Sales as a percent of Net Sales decreased nearly 2% when compared to the prior period primarily due to product mix, volume efficiencies and cost reduction programs implemented in fiscal 1992.

Selling and Administrative Expenses decreased $627,000 during fiscal 1993 but were unchanged as a percent of Net Sales when compared with the prior period.

The Company continues to focus on opportunities to reduce costs and believes that these efforts should result in increased earnings when the economy improves.

Financial Condition:

Cash provided by operating activities for the three months ended June 30, 1992 decreased $1,682,000 when compared to the prior period primarily as the result of increases in receivables and inventories during the current year period, partially offset by higher accruals and payables.

The Company's working capital at June 30, 1992 was $58,247,000 versus $56,223,000 at March 31, 1992. Management believes that cash from operations, together with the Company's short-term investments and ability to obtain financing, will provide adequate funds for the Company's short-term and foreseeable long-term needs, including potential acquisitions. The Company will continue to invest its available funds in highly liquid, low risk short-term investments.

Exhibit Ia - The Company's Statements of Consolidated Income for the three months ended June 30, 1992 and 1991.

Exhibit Ib - The Company's Consolidated Balance Sheets as of June 30, 1992 and March 31, 1992.

PART II - OTHER INFORMATION

Item 2. Changes in Securities

b. Under the most restrictive provisions of the Company's loan agreements, the Company is required to maintain consolidated working capital of $15,000,000, to maintain certain financial ratios and to restrict cash dividends or other distributions with respect to common stock. At June 30, 1992, retained earnings of approximately $19,900,000 were available for the payment of dividends.

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits - None

b. Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ZERO CORPORATION

Date: August 7, 1992

/s/ G. A. Daniels
G. A. Daniels, Vice President
and Chief Financial Officer

/s/ E. A. Sand
E. A. Sand, Controller
and Chief Accounting Officer

ZERO CORPORATION AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

	Three Months Ended June 30, 1992	Three Months Ended June 30, 1991
NET SALES	$ 39,870,000	$ 42,863,000
INTEREST INCOME	154,000	337,000
OTHER INCOME	176,000	221,000
TOTAL:	40,200,000	43,421,000
COST AND EXPENSES:		
COST OF SALES	25,319,000	27,890,000
SELLING AND ADMINISTRATION EXPENSES	8,798,000	9,425,000
DEPRECIATION AND AMORTIZATION	1,161,000	1,156,000
INTEREST EXPENSE	190,000	203,000
TOTAL:	35,468,000	38,674,000
INCOME BEFORE TAXES	4,732,000	4,747,000
INCOME TAXES	1,868,000	1,900,000
NET INCOME	$ 2,864,000	$ 2,847,000
PRIMARY EARNINGS PER SHARE	$ 0.18	$ 0.18
DIVIDENDS DECLARED PER SHARE	$ 0.10	$ 0.10
AVERAGE NUMBER OF SHARES OUTSTANDING	15,728,000	15,714,000

These Statements of Consolidated Income for the three months ended June 30, 1992 and 1991 are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the results for the periods.

Exhibit Ia

ZERO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30, 1992	March 31, 1992
ASSETS		
CURRENT ASSETS		
CASH AND SHORT-TERM INVESTMENTS	$ 23,016,000	$ 23,699,000
ACCOUNTS RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCTS. OF $841,000 AND $801,000, RESPECTIVELY)	25,491,000	23,558,000
INVENTORIES		
RAW MATERIALS AND SUPPLIES	13,358,000	11,963,000
WORK IN PROCESS	7,458,000	7,550,000
FINISHED GOODS	3,746,000	3,956,000
OTHER	6,257,000	5,453,000
TOTAL CURRENT ASSETS	79,326,000	76,179,000
PROPERTY, PLANT AND EQUIPMENT	68,929,000	68,218,000
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	(39,729,000)	(38,905,000)
NET PROPERTY, PLANT AND EQUIPMENT	29,200,000	29,313,000
NET COSTS IN EXCESS OF BOOK VALUE OF ASSETS ACQUIRED	32,303,000	33,069,000
NOTES RECEIVABLE AND OTHER ASSETS	12,252,000	11,918,000
TOTAL ASSETS	$ 153,081,000	$ 150,479,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
ACCOUNTS AND NOTES PAYABLE	$ 6,742,000	$ 5,211,000
ACCRUED WAGES AND COMMISSIONS	5,158,000	5,793,000
ACCRUED INCOME AND OTHER TAXES	2,929,000	1,410,000
OTHER (INCLUDING PLANT RELOCATION)	6,250,000	7,542,000
TOTAL CURRENT LIABILITIES	21,079,000	19,956,000
LONG-TERM LIABILITIES		
LONG-TERM DEBT	924,000	1,172,000
OTHER (PRIMARILY DEFERRED COMPENSATION)	6,130,000	6,286,000
TOTAL LONG-TERM LIABILITIES	7,054,000	7,458,000
STOCKHOLDERS' EQUITY		
PREFERRED STOCK $.01 PAR VALUE; NONE ISSUED		
COMMON STOCK $.01 PAR VALUE	159,000	159,000
ADDITIONAL PAID IN CAPITAL	27,264,000	27,236,000
RETAINED EARNINGS	98,087,000	96,794,000
	125,510,000	124,189,000
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	1,115,000	553,000
TREASURY STOCK (162,700 SHARES), AT COST	(1,677,000)	(1,677,000)
TOTAL STOCKHOLDERS' EQUITY	124,948,000	123,065,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 153,081,000	$ 150,479,000

The Consolidated Balance Sheet as of June 30, 1992 is unaudited but, in the opinion of management, reflects all adjustments (consisting of normal recurring adjustments) necessary to present fairly the Company's financial position.

Exhibit Ib

CONFORMED WITHOUT EXHIBITS

Schedules and Exhibit Index
at Pages 8 through 12

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended March 31, 1992 OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ____________________ to ____________________

Commission file number 1-5260

Zero Corporation

(Exact name of registrant as set forth in its charter)

Delaware	95-1718077
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

444 South Flower Street, Ste. #2100, Los Angeles, CA 90071-2922
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 213/629-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 Par Value	New York Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 26, 1992 was approximately $164,982,000 (Based upon the closing sale price of $10.50 per share of such stock on the New York Stock Exchange on June 26, 1992). At June 26, 1992 the registrant had 15,712,587 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Only those portions of Registrant's Annual Report for the year ended March 31, 1992 attached hereto as Exhibit 13.1 (the "1992 Annual Report") and the Proxy Statement for its annual meeting to be held July 22, 1992 (the "1992 Proxy Statement"), which are specifically referred to in Part I - Items 1 and 3 and Part II - Items 5, 6, 7, and 8 and Part III - Items 10, 11, 12, are incorporated herein by reference.

PART I

ITEM 1. BUSINESS

Zero Corporation and subsidiaries (the "Company", "Zero" or " Registrant") is a leading designer and manufacturer of cases, cabinets, cooling equipment and cargo enclosures, primarily used in the electronics industry. Major products include customized aluminum, and thermoformed and rotationally molded plastic cases and enclosures, instrument cases and industrial carrying cases, including Zero Halliburton luggage and carrying cases; cabinets for data processing, card cages for printed circuit boards, precision slides and other products used in electronics and computer packaging; motorized impellers, blowers, fan trays, heat exchangers and other products used in electronics cooling; aluminum, polycarbonate and fiberglass airborne cargo and baggage containers, in-plane cargo handling systems, cargo tie-downs and other related accessories. The electronics industry accounted for approximately two-thirds of Zero's net sales in fiscal 1992.

The Company owns over 1,900 dies which enable it to produce over 40,000 different deep drawn (aluminum cold formed by drawing over a die) enclosures, which may be in a round, oval, rectangular or square configuration and of varying depths. The Company believes that these dies make it a low cost producer and, therefore, provide it with a competitive advantage in a large portion of its metal case business. The Company maintains a certain level of inventory of deep drawn standard products on the East and West Coasts and modifies them to meet customers' requirements.

The operations of Zero are classified under two business segments: Enclosures and Accessories, and Other. Information about Zero's business segments is set forth in Note 10 "Segment Information" on page 22 of the 1992 Annual Report, which is incorporated herein by reference.

During the three years ended March 31, 1992, the Company did not derive a material portion of its sales or net income from its foreign operations nor has the Company been dependent upon a single customer, or a few customers, the loss of which would have a material adverse effect on its operations.

The Company includes in its working capital assets that are reasonably expected to be realized in cash or sold or consumed in one year and liabilities that are reasonably expected to be liquidated within one year.

The Company was incorporated in California in 1952 and was reincorporated in Delaware in 1988. Its executive offices are located at 444 South Flower Street, Suite #2100, Los Angeles, CA 90071-2922, telephone 213/629-7000.

MARKETING

In marketing the non-consumer oriented products in its two business segments, Zero employs direct salesmen in certain territories, and utilizes the services of manufacturers' representative firms and distributors with offices throughout the United States and Canada. Zero also has manufacturers' representatives and distributors in certain principal cities of Western Europe, Japan and Israel.

Technical support for these salesmen, manufacturers' representatives and distributors is provided by engineering personnel from Zero's various plants. A substantial number of Zero's specialized enclosure products are sold on a catalog basis; many are advertised in electronics industry or other trade journals; and certain product lines are sold through a national network of independent distributor locations. Zero's consumer oriented products are marketed worldwide by means of catalogs, advertising in selected publications and by telemarketing programs, and are distributed through established independent dealers who specialize in the market to which each of Zero's products is related.

COMPETITION

While reliable statistics are not available that would permit Zero to accurately estimate its share of the total market for each of its business segments, the Company believes it has a significant share of the market for Enclosures and Accessories. The degree and type of competition encountered by Zero varies for both of its business segments.

The Company's estimated competitive strength in the Enclosures and Accessories business segment is in part attributable to the fact that the Company has a substantial number of dies which enable it to maintain a cost advantage. Zero also offers a broader range of enclosures than its competitors (refer to "Business" above). In this business segment, Zero competes with a large number of other companies, some of which are larger than Zero and some of which are smaller. Innovative design, producing to rigid tolerances, quality and on-time delivery also keep the Company competitive.

The Company's competition in the Other business segment is comprised of a large number of companies, some of which are larger than Zero and some of which are smaller. In this business segment, many products are built to the customer's design; therefore the means by which Zero competes is to produce to rigid tolerances and deliver on schedule at a competitive price.

Approximately 18% of Zero's sales for the year ended March 31, 1992 were under contracts and subcontracts to various governments, and to companies closely related to the defense industry who perform substantial work for governments, including a portion related to defense programs of the United States Government.

SALES AND BACKLOG

Zero's backlog at March 31, 1992 and 1991 was $44,141,000 and $45,779,000, respectively. Backlog is based on contracts which were signed as of the respective dates set forth. More than 97% of the backlog at March 31, 1992 is scheduled for delivery during fiscal 1993. The decrease in backlog during fiscal 1992 was reflective primarily of lower levels of spending by governmental agencies.

Certain contracts, particularly those with the United States Government and its contractors, provide for cancellation for convenience of the customer. If such cancellation occurs, the contractor is paid for costs incurred to date plus the costs of settling and paying claims of terminated subcontractors, other settlement expenses and a reasonable profit on its costs. During the five years ended March 31, 1992, the aggregate amount of orders cancelled for the convenience of the United States Government has not been material. However, no assurance can be given that this pattern will continue in the future.

A majority of Zero's sales are derived from orders in amounts of less than $10,000 each. These orders involve a cycle ranging from 1 to 6 weeks from receipt of order to delivery. Other larger orders require custom manufacturing and may have cycles ranging from several weeks to two years depending on the delivery schedule set by the customer. Because of the large number of customers served (in excess of 18,000 in fiscal 1992), the relatively small size of each order and the relatively short delivery cycle involved, the Company believes the risk of any order being cancelled which would have a significant adverse effect on operations, is significantly reduced.

RAW MATERIALS

The principal raw materials used by Zero in connection with the manufacture of its products are aluminum and steel and, to a lesser extent, plastics and fiberglass. Such materials are purchased under competitive bids at levels sufficient to meet foreseeable production and delivery schedules. For the year ended March 31, 1992, Zero purchased aluminum and steel from ten principal suppliers. Plastics, fiberglass, other raw materials and other items necessary for the production of Zero's products are purchased from a variety of suppliers. As of May 31, 1992, Zero was not experiencing shortages in the supply of its raw materials. Based on market and economic conditions at that date, Zero believes that the supply and availability of these materials will be adequate to support its level of operations projected through March 31, 1993. However, the Company can make no assurances that such materials will be available beyond that period, and any shortage of such materials would have a significant and material adverse impact on the operations of the Company.

ENERGY AND WATER

Drought conditions exist from time to time in Southern California where the Company operates several facilities. Energy and water shortages which have occurred from time to time in the past have not caused any curtailment of Zero's operations. However, in the future, if either a severe energy shortage or a drought were to continue for an extended period of time, Zero's operations could be adversely affected by either reducing its ability to operate its production facilities or by causing production cutbacks by its customers and suppliers which could reduce sales or the availability of raw materials.

As of June 26, 1992, Zero's energy and water sources appear adequate to fulfill its needs through fiscal year 1993.

PATENTS, LICENSES, FRANCHISES AND CONCESSIONS

Patents, licenses, franchises and concessions are not an important factor in Zero's production process and are not material to total revenue or net income.

RESEARCH AND DEVELOPMENT

During the year ended March 31, 1992, Zero incurred less than 1% of net sales on research and development activities related to the development of new products.

ENVIRONMENT

Zero believes that its existing equipment and operating procedures for controlling the discharge of material into the environment are in substantial compliance with applicable local and Federal regulations. Zero does not expect that any assertions of noncompliance with such laws will materially adversely affect its earnings or competitive position or will require any material capital expenditures during fiscal year 1993.

Information in Note 9 - "Commitments and Contingencies" on page 21 of the 1992 Annual Report addressing environmental matters in which Zero has been named a "potentially responsible party" is incorporated herein by reference.

EMPLOYEES

As of May 31, 1992, Zero employed 1,715 persons. Employee relations are considered good. Certain employees at the Company's Samuel Groves & Co. subsidiary and Zero Cabinets operation, acquired in fiscal year 1984 and fiscal year 1985, respectively, are represented by unions which are not affiliated with any national unions. In the past ten years Zero has not experienced a significant work stoppage from a labor dispute.

ITEM 2. PROPERTIES

As of June 26, 1992, Zero used manufacturing plants and office buildings containing an aggregate of approximately 1,454,000 square feet of floor space. Zero's plants are located in California (Camarillo, City of Industry, El Monte, Pacoima, Rancho Dominguez and San Diego); Utah (Salt Lake City); Massachusetts (Monson and Chicopee); New Jersey (Princeton Junction and Windsor); Minnesota (Brooklyn Park); Connecticut (Hartford); Tijuana, Mexico; and Birmingham and Feltham, England. The plants located in Camarillo, City of Industry, El Monte, Pacoima and San Diego, California; in Brooklyn Park, Minnesota; in Princeton Junction and Windsor, New Jersey; and in Salt Lake City, Utah are used in the production of enclosures and accessories. The remaining plants are used by both business segments.

During fiscal 1992, the relocation of operations from the Burbank facility to a new facility in Salt Lake City, Utah was completed. Consequently, the Burbank facility became idle and is currently available for sale.

Zero owns all its plants and facilities, except for the following leased properties:

PLANT	SQUARE FOOTAGE	LEASE EXPIRES
Camarillo, CA	36,000	June 30, 1993
Camarillo, CA	22,000	February 28, 1996*
City of Industry, CA	64,000	September 30, 1993*
El Monte, CA	72,000	May 31, 1994*
Pacoima, CA	114,000	August 5, 1999*
Rancho Dominguez, CA	33,000	November 30, 1993*
Rancho Dominguez, CA	121,000	September 30, 1999*
San Diego, CA	36,000	December 15, 1992*
Chicopee, MA	40,000	December 14, 1992*
Tijuana, Mexico	35,000	January 31, 1993*
Windsor, NJ	18,000	December 31, 1993*
Feltham, England	31,000	October 1, 2002
TOTAL:	622,000	

* Lease contains renewal option.

Zero's plants and facilities used in operations are generally constructed of concrete block, brick, concrete tilt-up, steel or a combination thereof. Zero's facilities and equipment are well maintained and are believed to be adequate to support a substantial increase in its operations, assuming a comparable product mix.

ITEM 3. LEGAL PROCEEDINGS

Information concerning legal proceedings in Note 9 - "Commitments and Contingencies" on page 21 of the 1992 Annual Report is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Registrant submitted no matters to a vote of its security holders during the fiscal quarter ended March 31, 1992.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding the Company's officers as of May 31, 1992 is as follows

NAME	AGE	POSITION	EXECUTIVE OFFICER SINCE
John B. Gilbert	71	Chairman of the Board	1952
Wilford D. Goldbold, Jr.	54	President, Chief Executive Officer and Director	1982
Howard W. Hill	65	Vice Chairman of the Board	1960
George A. Daniels	54	Vice President and Chief Financial Officer	1987
James F. Hermanson	55	Vice President	1984
Ronald L. Hess	49	Vice President	1984

None of the directors or executive officers are related to one another. All executive officers have served in their current capacities or in other managerial positions with the Company for a minimum of the past five years.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDERS MATTERS.

The information under the caption "Market and Dividend Information" on the inside back cover of the 1992 Annual Report and the information concerning dividend restrictions applicable to the Company, in Note 4 - "Long-Term Debt" on page 19 of the 1992 Annual Report, are incorporated herein by reference. On June 26, 1992, the Company had 5,288 stockholders of record.

ITEM 6. SELECTED FINANCIAL DATA

The information under the caption "Five Year Consolidated Financial Highlights" on page 1 of the 1992 Annual Report is incorporated herein by reference. Net Income was $9,695,000, $10,761,000, $16,114,000, $16,063,000, and $13,290,000 for the five years ended March 31, 1992, 1991, 1990, 1989 and 1988, respectively. Earnings per share during those five years were $0.62, $0.68, $1.02, $1.02 and $0.85, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" on page 12 of the 1992 Annual Report is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS

The following consolidated financial statements of the Registrant and its subsidiaries included in the 1992 Annual Report (on the pages therein shown in parentheses) are incorporated herein by reference:

Statements of Consolidated Income--Years Ended March 31, 1992, 1991 and 1990. (Page 13)

Consolidated Balance Sheets--March 31, 1992 and 1991. (Pages 14 and 15)

Statements of Consolidated Stockholders' Equity--Years ended March 31, 1992, 1991 and 1990. (Page 16)

Statements of Consolidated Cash Flows--Years Ended March 31, 1992, 1991 and 1990. (Page 17)

Notes to Consolidated Financial Statements. (Pages 18 to 22, inclusive.)

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information under the caption "Election of Directors" in the 1992 Proxy Statement is incorporated herein by reference.

For information regarding the Company's executive officers as of May 31, 1992 see "Executive Officers of the Registrant" on page 6 of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information under the captions "Meetings of Board of Directors and Committees" and "Executive Compensation and Other Information" in the 1992 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the captions "General Information" and "Voting Securites and Certain Stockholders" in the 1992 Proxy Statement is incorporated herein by reference.

Registrant does not know of any arrangement, including any pledge by any person of securities of Registrant, which may at a subsequent date result in a change of control of Registrant.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) FINANCIAL STATEMENTS.

Reference is made to Item 8 in Part II of this report, where these statements are listed.

(a)(2) FINANCIAL STATEMENT SCHEDULES.

The following consolidated financial statement schedules of Registrant are included in Item 14(d) below:

Schedule I--Short-Term Investments as of March 31, 1992.

Schedule VIII--Valuation and Qualifying Accounts for the years ended March 31, 1992, 1991 and 1990.

Schedule IX--Short-Term Bank Borrowings for the years ended March 31, 1992, 1991 and 1990.

Schedule X--Supplementary Income Statement Information for the years ended March 31, 1992, 1991 and 1990.

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(a)(3) EXHIBITS.

The following exhibits are part of this Form 10-K and are either incorporated by reference to the prior filings indicated below or are filed herewith under Item 14(c):

INDEX TO EXHIBITS

3.1 The Restated Certificate of Incorporation filed as Exhibit 3-(3)(a) of the Company's Form 8-B filed on September 7, 1988.

3.2 The Bylaws filed as Exhibit 3-(3)(b) of the Company's Form 8-B filed on September 7, 1988.

4.1 Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 filed as Exhibit 9(a) to the Company's Form 10-Q for the quarter ended December 31, 1977.

4.2 Amendment dated May 28, 1979 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.8 to the Company's 10-K for the year ended March 31, 1979.

4.3 Amendment dated September 12, 1979 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.10 to the Company's Form 10-K for the year ended March 31, 1980.

4.4 Amendment dated March 31, 1980 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.11 to the Company's Form 10-K for the year ended March 31, 1980.

4.5 Amendment dated December 12, 1980 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.12 to the Company's Form 10-K for the year ended March 31, 1981.

4.6 Loan, Mortgage, and Security agreement dated as of December 1, 1980 between the Massachusetts Industrial Financial Agency and the Company filed as Exhibit 4.13 to the Company's Form 10-K for the year ended March 31, 1981.

4.7 Loan Agreement by and between the New Jersey Economic Development Authority and the Company dated as of September 1, 1981 filed as Exhibit 4.11 to the Company's Form 10-K for the year ended March 31, 1982.

4.8 Loan Agreement by and between the New Jersey Economic Development Authority and the Company dated as of October 1, 1981 filed as Exhibit 4.12 to the Company's Form 10-K for the year ended March 31, 1982.

4.9 Amendment dated July 21, 1981 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.13 to the Company's Form 10-K for the year ended March 31, 1982.

EXHIBITS
(continued)

4.10 Amendment dated August 4, 1981 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 filed as Exhibit 4.14 to the Company's Form 10-K for the year ended March 31, 1982.

4.11 Amendment dated July 26, 1983 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.15 to the Company's Form 10-K for the year ended March 31, 1984.

4.12 Amendment dated October 18, 1983 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.16 to the Company's Form 10-K for the year ended March 31, 1984.

4.13 Amendment dated February 16, 1984 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.17 to the Company's Form 10-K for the year ended March 31, 1984.

4.14 Amendment dated January 3, 1985 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.18 to the Company's Form 10-K for the year ended March 31, 1985.

4.15 Amendment dated August 16, 1985 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.19 to the Company's Form 10-K for the year ended March 31, 1986.

4.16 Loan Agreement by and among the City of Brooklyn Park, Minnesota, McLean Midwest Corporation (wholly-owned by Zero Corporation), First National Bank in Anoka, Minnesota and Zero Corporation as guarantor dated as of August 1, 1985 is filed as Exhibit 4.20 to the Company's Form 10-K for the year ended March 31, 1986.

4.17 Loan Agreement by and among Investors in Industry PLC, Lloyds Bank, Samuel Groves & Co., Ltd. (wholly-owned by Zero Corporation) and Zero Corporation as guarantor dated as of May 1, 1984 is filed as Exhibit 4.21 to the Company's Form 10-K for the year ended March 31, 1986.

4.18 Amendment dated July 18, 1986 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.22 to the Company's Form 10-K for the year ended March 31, 1987.

4.19 Amendment dated January 9, 1987 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.23 to the Company's Form 10-K for the year ended March 31, 1987.

EXHIBITS
(continued)

4.20 Amendment dated October 22, 1987 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.24 to the Company's Form 10-K for the year ended March 31, 1988.

4.21 Amendment dated December 31, 1987 to the Loan, Mortgage and Security Agreement dated as of December 1, 1980 between the Massachusetts Industrial Finance Agency and the Company (Exhibit 4.6 above) filed as Exhibit 4.25 to the Company's Form 10-K for the year ended March 31, 1988.

4.22 Amendment dated February 12, 1988 to the Loan Agreement by and among the City of Brooklyn Park, Minnesota, McLean Midwest Corporation (wholly-owned by Zero Corporation), First National Bank in Anoka, Minnesota and Zero Corporation as guarantor dated as of August 1, 1985 (Exhibit 4.16 above) filed as Exhibit 4.26 to the Company's Form 10-K for the year ended March 31, 1988.

4.23 Specimen form of certificate of common stock $0.01 par value per share filed as Exhibit 3-(4) of the Company's Form 8-B filed on September 7, 1988.

10.1 Zero Corporation Pension Plan and Trust (defined contribution "money purchase" pension plan) effective as of April 1, 1978, which was approved by the Company's Board of Directors on July 28, 1978 filed as Exhibit 11.1 to the Company's Form 10-K for the year ended March 31, 1979.

10.2 Deferred Compensation Plan adopted by the Company's Board of Directors on December 17, 1973 as amended by the Company's Board of Directors on December 11, 1974 filed as Exhibit 13.10 to the Company's Form 10-K for the year ended March 31, 1975.

10.3 Corporate Office Bonus Plan adopted by the Company's Board of Directors on January 21, 1987 filed as Exhibit 10.6 to the Company's Form 10-K for the year ended March 31, 1987.

10.4 Articles of Association of the Zero Corporation Employees Stock Purchase Plan filed as Exhibit 1 to Form S-8 Registration Statement (File No. 2-26009).

10.5 Division or Subsidiary Bonus Plan adopted by the Company's Board of Directors on January 21, 1987 filed as Exhibit 10.8 to the Company's Form 10-K for the year ended March 31, 1987.

10.6 1980 Non-Qualified and Incentive Stock Option Plan adopted by the Company's Shareholders on July 25, 1980 as amended through July 16, 1982 filed as Exhibit 10.8 to the Company's Form 10-K for the year ended March 31, 1983.

EXHIBITS
(continued)

10.7 Deferred Compensation Plan as amended through April 1, 1986 filed as Exhibit 10.13 to the Company's Form 10-K for the year ended March 31, 1986.

10.8 Zero Corporation 1988 Stock Option Plan, as amended, filed on Form S-8 Registration Statements (File Nos. 33-44143 and 33-27929).

13.1 Annual Report for the year ended March 31, 1992 (not deemed filed except for those portions specifically incorporated by reference herein).

22.1 Listing of the Company's subsidiaries filed as Exhibit 22.1 to the Company's Form 10-K for the year ended March 31, 1991.

24.1 Consent of Independent Auditors dated June 26, 1992 to the incorporation by reference of their reports filed herewith into the Company's Form S-8 Registration Statements (File Nos. 33-44143, 33-27929 and 2-54344).

(b) REPORTS ON FORM 8-K.

During the quarter ended March 31, 1992 the Company filed no reports on Form 8-K.

(c) EXHIBITS.

See listing of exhibits filed herewith on page 20 of this report.

(d) FINANCIAL STATEMENT SCHEDULES.

The financial statement schedules listed in Item 14(a)(2) above are shown on pages 15 through 18 of this report. The report of the Registrant's independent auditors, Deloitte & Touche, is set forth on page 19 of this report.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ George A. Daniels (George A. Daniels)	Vice President and Chief Financial Officer	June 26, 1992
/s/ Eric A. Sand (Eric A. Sand)	Controller and Chief Accounting Officer	June 26, 1992
DIRECTORS:		
/s/ Bruce J. DeBever (Bruce J. DeBever)	Director	June 26, 1992
/s/ John B. Gilbert (John B. Gilbert)	Director	June 26, 1992
/s/ Clinton G. Gerlach (Clinton G. Gerlach)	Director	June 26, 1992
/s/ Wilford D. Godbold, Jr. (Wilford D. Godbold, Jr.)	Director and Chief Executive Officer	June 26, 1992
/s/ Bernard B. Heiler (Bernard B. Heiler)	Director	June 26, 1992
/s/ Howard W. Hill (Howard W. Hill)	Director	June 26, 1992
(Whitney A. McFarlin)	Director	
(Roger L. Putnam, Jr.)	Director	
(Robert C. Sherburne)	Director	

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SCHEDULE I

ZERO CORPORATION AND SUBSIDIARIES

SHORT-TERM INVESTMENTS

AS OF MARCH 31, 1992

Name of Issuer/ Type of Issue	Principal Amount	Original Cost	Market Value	Recorded Value
The United States Government - Treasury Bills and Notes	$4,000,000	$3,914,000	$4,003,000	$3,914,000
The State of California, and various Counties and Agencies thereof - Municipal Bonds	$6,450,000	$6,514,000	$6,500,000	6,475,000
				$10,389,000

ZERO CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED MARCH 31, 1992, 1991 AND 1990

	Balance at Beginning of Year	Provision Charged to Income	Doubtful Accounts Written Off (1)	Balance at End of Year
Allowance for doubtful accounts :				
April 1, 1991 to March 31, 1992	$801,000	$564,000	($494,000)	$871,000
April 1, 1990 to March 31, 1991	$737,000	$339,000	($275,000)	$801,000
April 1, 1989 to March 31, 1990	$841,000	$319,000	($423,000)	$737,000

(1) Net of recoveries

SCHEDULE IX

ZERO CORPORATION AND SUBSIDIARIES

SHORT-TERM BANK BORROWINGS

FOR THE YEARS ENDED MARCH 31, 1992, 1991 AND 1990

Category	Balance at End of Year	Interest Rate at End of Year	Maximum Amount Outstanding During the Year	Average Amount Outstanding During the Year	Weighted Average Interest Rate During the Year
Amounts Payable To Bank - 1992	$333,000	12.00%	$825,000	$502,000	12.47%
Amounts Payable To Bank - 1991	$500,000	14.00%	(a)	(a)	14.00%
Amounts Payable To Bank - 1990	-	N/A	-	-	N/A

Note - The amount payable to bank represents a line of credit of 750,000 Sterling (U.K.) and is due June 30, 1992. However, extensions for repayment of this borrowing may be granted.

(a) $500,000 was outstanding during March 1991 only.

SCHEDULE X

ZERO CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INCOME STATEMENT INFORMATION

FOR THE YEARS ENDED MARCH 31, 1992, 1991 AND 1990

	Amount Charged to Costs and Expenses		
	1992	1991	1990
Maintenance and repairs	$2,439,000	$2,590,000	$2,583,000
Advertising	$2,245,000	$2,290,000	$2,417,000

Deloitte &
Touche

1000 Wilshire Boulevard
Los Angeles, California 90017-2472
Telephone: (213) 688-0800
Telex: 910 3214090
Facsimile: (213) 688-0100

INDEPENDENT AUDITORS' REPORT

To the Stockholders of Zero Corporation:

We have audited the consolidated financial statements of Zero Corporation and its subsidiaries (the "Company") as of March 31, 1992 and 1991, and for each of the three years in the period ended March 31, 1992, and have issued our report thereon dated May 11, 1992; such financial statements and report are included in your 1992 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the financial statement schedules of the Company, listed in Item 14(a)(2). These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche

May 11, 1992

ZERO CORPORATION AND SUBSIDIARIES

FORM 10K, ITEM 14(c)

EXHIBITS FILED HEREWITH

13.1 Annual Report for the year ended March 31, 1992 (not deemed filed except for those portions specifically incorporated by reference herein).

24.1 Consent of Independent Auditors to incorporation by reference of reports filed herewith into the Company's Form S-8 Registration Statements (File Nos. 33-44143, 33-27929 and 2-54344).

CONFORMED WITHOUT EXHIBITS

Schedules and Exhibit Index at Pages 8 through 12

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended March 31, 1992 OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ____________________ to ____________________

Commission file number 1-5260

Zero Corporation

(Exact name of registrant as set forth in its charter)

Delaware	95-1718077
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

444 South Flower Street, Ste. #2100, Los Angeles, CA 90071-2922

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 213/629-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 Par Value	New York Stock Exchange
	Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 26, 1992 was approximately $164,982,000 (Based upon the closing sale price of $10.50 per share of such stock on the New York Stock Exchange on June 26, 1992). At June 26, 1992 the registrant had 15,712,587 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Only those portions of Registrant's Annual Report for the year ended March 31, 1992 attached hereto as Exhibit 13.1 (the "1992 Annual Report") and the Proxy Statement for its annual meeting to be held July 22, 1992 (the "1992 Proxy Statement"), which are specifically referred to in Part I - Items 1 and 3 and Part II - Items 5, 6, 7, and 8 and Part III - Items 10, 11, 12, are incorporated herein by reference.

PART I

ITEM 1. BUSINESS

Zero Corporation and subsidiaries (the "Company", "Zero" or " Registrant") is a leading designer and manufacturer of cases, cabinets, cooling equipment and cargo enclosures, primarily used in the electronics industry. Major products include customized aluminum, and thermoformed and rotationally molded plastic cases and enclosures, instrument cases and industrial carrying cases, including Zero Halliburton luggage and carrying cases; cabinets for data processing, card cages for printed circuit boards, precision slides and other products used in electronics and computer packaging; motorized impellers, blowers, fan trays, heat exchangers and other products used in electronics cooling; aluminum, polycarbonate and fiberglass airborne cargo and baggage containers, in-plane cargo handling systems, cargo tie-downs and other related accessories. The electronics industry accounted for approximately two-thirds of Zero's net sales in fiscal 1992.

The Company owns over 1,900 dies which enable it to produce over 40,000 different deep drawn (aluminum cold formed by drawing over a die) enclosures, which may be in a round, oval, rectangular or square configuration and of varying depths. The Company believes that these dies make it a low cost producer and, therefore, provide it with a competitive advantage in a large portion of its metal case business. The Company maintains a certain level of inventory of deep drawn standard products on the East and West Coasts and modifies them to meet customers' requirements.

The operations of Zero are classified under two business segments: Enclosures and Accessories, and Other. Information about Zero's business segments is set forth in Note 10 "Segment Information" on page 22 of the 1992 Annual Report, which is incorporated herein by reference.

During the three years ended March 31, 1992, the Company did not derive a material portion of its sales or net income from its foreign operations nor has the Company been dependent upon a single customer, or a few customers, the loss of which would have a material adverse effect on its operations.

The Company includes in its working capital assets that are reasonably expected to be realized in cash or sold or consumed in one year and liabilities that are reasonably expected to be liquidated within one year.

The Company was incorporated in California in 1952 and was reincorporated in Delaware in 1988. Its executive offices are located at 444 South Flower Street, Suite #2100, Los Angeles, CA 90071-2922, telephone 213/629-7000.

MARKETING

In marketing the non-consumer oriented products in its two business segments, Zero employs direct salesmen in certain territories, and utilizes the services of manufacturers' representative firms and distributors with offices throughout the United States and Canada. Zero also has manufacturers' representatives and distributors in certain principal cities of Western Europe, Japan and Israel.

Technical support for these salesmen, manufacturers' representatives and distributors is provided by engineering personnel from Zero's various plants. A substantial number of Zero's specialized enclosure products are sold on a catalog basis; many are advertised in electronics industry or other trade journals; and certain product lines are sold through a national network of independent distributor locations. Zero's consumer oriented products are marketed worldwide by means of catalogs, advertising in selected publications and by telemarketing programs, and are distributed through established independent dealers who specialize in the market to which each of Zero's products is related.

COMPETITION

While reliable statistics are not available that would permit Zero to accurately estimate its share of the total market for each of its business segments, the Company believes it has a significant share of the market for Enclosures and Accessories. The degree and type of competition encountered by Zero varies for both of its business segments.

The Company's estimated competitive strength in the Enclosures and Accessories business segment is in part attributable to the fact that the Company has a substantial number of dies which enable it to maintain a cost advantage. Zero also offers a broader range of enclosures than its competitors (refer to "Business" above). In this business segment, Zero competes with a large number of other companies, some of which are larger than Zero and some of which are smaller. Innovative design, producing to rigid tolerances, quality and on-time delivery also keep the Company competitive.

The Company's competition in the Other business segment is comprised of a large number of companies, some of which are larger than Zero and some of which are smaller. In this business segment, many products are built to the customer's design; therefore the means by which Zero competes is to produce to rigid tolerances and deliver on schedule at a competitive price.

Approximately 18% of Zero's sales for the year ended March 31, 1992 were under contracts and subcontracts to various governments, and to companies closely related to the defense industry who perform substantial work for governments, including a portion related to defense programs of the United States Government.

SALES AND BACKLOG

Zero's backlog at March 31, 1992 and 1991 was $44,141,000 and $45,779,000, respectively. Backlog is based on contracts which were signed as of the respective dates set forth. More than 97% of the backlog at March 31, 1992 is scheduled for delivery during fiscal 1993. The decrease in backlog during fiscal 1992 was reflective primarily of lower levels of spending by governmental agencies.

Certain contracts, particularly those with the United States Government and its contractors, provide for cancellation for convenience of the customer. If such cancellation occurs, the contractor is paid for costs incurred to date plus the costs of settling and paying claims of terminated subcontractors, other settlement expenses and a reasonable profit on its costs. During the five years ended March 31, 1992, the aggregate amount of orders cancelled for the convenience of the United States Government has not been material. However, no assurance can be given that this pattern will continue in the future.

A majority of Zero's sales are derived from orders in amounts of less than $10,000 each. These orders involve a cycle ranging from 1 to 6 weeks from receipt of order to delivery. Other larger orders require custom manufacturing and may have cycles ranging from several weeks to two years depending on the delivery schedule set by the customer. Because of the large number of customers served (in excess of 18,000 in fiscal 1992), the relatively small size of each order and the relatively short delivery cycle involved, the Company believes the risk of any order being cancelled which would have a significant adverse effect on operations, is significantly reduced.

RAW MATERIALS

The principal raw materials used by Zero in connection with the manufacture of its products are aluminum and steel and, to a lesser extent, plastics and fiberglass. Such materials are purchased under competitive bids at levels sufficient to meet foreseeable production and delivery schedules. For the year ended March 31, 1992, Zero purchased aluminum and steel from ten principal suppliers. Plastics, fiberglass, other raw materials and other items necessary for the production of Zero's products are purchased from a variety of suppliers. As of May 31, 1992, Zero was not experiencing shortages in the supply of its raw materials. Based on market and economic conditions at that date, Zero believes that the supply and availability of these materials will be adequate to support its level of operations projected through March 31, 1993. However, the Company can make no assurances that such materials will be available beyond that period, and any shortage of such materials would have a significant and material adverse impact on the operations of the Company.

ENERGY AND WATER

Drought conditions exist from time to time in Southern California where the Company operates several facilities. Energy and water shortages which have occurred from time to time in the past have not caused any curtailment of Zero's operations. However, in the future, if either a severe energy shortage or a drought were to continue for an extended period of time, Zero's operations could be adversely affected by either reducing its ability to operate its production facilities or by causing production cutbacks by its customers and suppliers which could reduce sales or the availability of raw materials.

As of June 26, 1992, Zero's energy and water sources appear adequate to fulfill its needs through fiscal year 1993.

PATENTS, LICENSES, FRANCHISES AND CONCESSIONS

Patents, licenses, franchises and concessions are not an important factor in Zero's production process and are not material to total revenue or net income.

RESEARCH AND DEVELOPMENT

During the year ended March 31, 1992, Zero incurred less than 1% of net sales on research and development activities related to the development of new products.

ENVIRONMENT

Zero believes that its existing equipment and operating procedures for controlling the discharge of material into the environment are in substantial compliance with applicable local and Federal regulations. Zero does not expect that any assertions of noncompliance with such laws will materially adversely affect its earnings or competitive position or will require any material capital expenditures during fiscal year 1993.

Information in Note 9 - "Commitments and Contingencies" on page 21 of the 1992 Annual Report addressing environmental matters in which Zero has been named a "potentially responsible party" is incorporated herein by reference.

EMPLOYEES

As of May 31, 1992, Zero employed 1,715 persons. Employee relations are considered good. Certain employees at the Company's Samuel Groves & Co. subsidiary and Zero Cabinets operation, acquired in fiscal year 1984 and fiscal year 1985, respectively, are represented by unions which are not affiliated with any national unions. In the past ten years Zero has not experienced a significant work stoppage from a labor dispute.

ITEM 2. PROPERTIES

As of June 26, 1992, Zero used manufacturing plants and office buildings containing an aggregate of approximately 1,454,000 square feet of floor space. Zero's plants are located in California (Camarillo, City of Industry, El Monte, Pacoima, Rancho Dominguez and San Diego); Utah (Salt Lake City); Massachusetts (Monson and Chicopee); New Jersey (Princeton Junction and Windsor); Minnesota (Brooklyn Park); Connecticut (Hartford); Tijuana, Mexico; and Birmingham and Feltham, England. The plants located in Camarillo, City of Industry, El Monte, Pacoima and San Diego, California; in Brooklyn Park, Minnesota; in Princeton Junction and Windsor, New Jersey; and in Salt Lake City, Utah are used in the production of enclosures and accessories. The remaining plants are used by both business segments.

During fiscal 1992, the relocation of operations from the Burbank facility to a new facility in Salt Lake City, Utah was completed. Consequently, the Burbank facility became idle and is currently available for sale.

Zero owns all its plants and facilities, except for the following leased properties:

PLANT	SQUARE FOOTAGE	LEASE EXPIRES
Camarillo, CA	36,000	June 30, 1993
Camarillo, CA	22,000	February 28, 1996*
City of Industry, CA	64,000	September 30, 1993*
El Monte, CA	72,000	May 31, 1994*
Pacoima, CA	114,000	August 5, 1999*
Rancho Dominguez, CA	33,000	November 30, 1993*
Rancho Dominguez, CA	121,000	September 30, 1999*
San Diego, CA	36,000	December 15, 1992*
Chicopee, MA	40,000	December 14, 1992*
Tijuana, Mexico	35,000	January 31, 1993*
Windsor, NJ	18,000	December 31, 1993*
Feltham, England	31,000	October 1, 2002
TOTAL:	622,000	

* Lease contains renewal option.

Zero's plants and facilities used in operations are generally constructed of concrete block, brick, concrete tilt-up, steel or a combination thereof. Zero's facilities and equipment are well maintained and are believed to be adequate to support a substantial increase in its operations, assuming a comparable product mix.

ITEM 3. LEGAL PROCEEDINGS

Information concerning legal proceedings in Note 9 - "Commitments and Contingencies" on page 21 of the 1992 Annual Report is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Registrant submitted no matters to a vote of its security holders during the fiscal quarter ended March 31, 1992.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding the Company's officers as of May 31, 1992 is as follows

NAME	AGE	POSITION	EXECUTIVE OFFICER SINCE
John B. Gilbert	71	Chairman of the Board	1952
Wilford D. Goldbold, Jr.	54	President, Chief Executive Officer and Director	1982
Howard W. Hill	65	Vice Chairman of the Board	1960
George A. Daniels	54	Vice President and Chief Financial Officer	1987
James F. Hermanson	55	Vice President	1984
Ronald L. Hess	49	Vice President	1984

None of the directors or executive officers are related to one another. All executive officers have served in their current capacities or in other managerial positions with the Company for a minimum of the past five years.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDERS MATTERS.

The information under the caption "Market and Dividend Information" on the inside back cover of the 1992 Annual Report and the information concerning dividend restrictions applicable to the Company, in Note 4 - "Long-Term Debt" on page 19 of the 1992 Annual Report, are incorporated herein by reference. On June 26, 1992, the Company had 5,288 stockholders of record.

ITEM 6. SELECTED FINANCIAL DATA

The information under the caption "Five Year Consolidated Financial Highlights" on page 1 of the 1992 Annual Report is incorporated herein by reference. Net Income was $9,695,000, $10,761,000, $16,114,000, $16,063,000, and $13,290,000 for the five years ended March 31, 1992, 1991, 1990, 1989 and 1988, respectively. Earnings per share during those five years were $0.62, $0.68, $1.02, $1.02 and $0.85, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" on page 12 of the 1992 Annual Report is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS

The following consolidated financial statements of the Registrant and its subsidiaries included in the 1992 Annual Report (on the pages therein shown in parentheses) are incorporated herein by reference:

Statements of Consolidated Income--Years Ended March 31, 1992, 1991 and 1990. (Page 13)

Consolidated Balance Sheets--March 31, 1992 and 1991. (Pages 14 and 15)

Statements of Consolidated Stockholders' Equity--Years ended March 31, 1992, 1991 and 1990. (Page 16)

Statements of Consolidated Cash Flows--Years Ended March 31, 1992, 1991 and 1990. (Page 17)

Notes to Consolidated Financial Statements.
(Pages 18 to 22, inclusive.)

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information under the caption "Election of Directors" in the 1992 Proxy Statement is incorporated herein by reference.

For information regarding the Company's executive officers as of May 31, 1992 see "Executive Officers of the Registrant" on page 6 of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information under the captions "Meetings of Board of Directors and Committees" and "Executive Compensation and Other Information" in the 1992 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the captions "General Information" and "Voting Securites and Certain Stockholders" in the 1992 Proxy Statement is incorporated herein by reference.

Registrant does not know of any arrangement, including any pledge by any person of securities of Registrant, which may at a subsequent date result in a change of control of Registrant.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) FINANCIAL STATEMENTS.

Reference is made to Item 8 in Part II of this report, where these statements are listed.

(a)(2) FINANCIAL STATEMENT SCHEDULES.

The following consolidated financial statement schedules of Registrant are included in Item 14(d) below:

Schedule I--Short-Term Investments as of March 31, 1992.

Schedule VIII--Valuation and Qualifying Accounts for the years ended March 31, 1992, 1991 and 1990.

Schedule IX--Short-Term Bank Borrowings for the years ended March 31, 1992, 1991 and 1990.

Schedule X--Supplementary Income Statement Information for the years ended March 31, 1992, 1991 and 1990.

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(a)(3) EXHIBITS.

The following exhibits are part of this Form 10-K and are either incorporated by reference to the prior filings indicated below or are filed herewith under Item 14(c):

INDEX TO EXHIBITS

3.1 The Restated Certificate of Incorporation filed as Exhibit 3-(3)(a) of the Company's Form 8-B filed on September 7, 1988.

3.2 The Bylaws filed as Exhibit 3-(3)(b) of the Company's Form 8-B filed on September 7, 1988.

4.1 Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 filed as Exhibit 9(a) to the Company's Form 10-Q for the quarter ended December 31, 1977.

4.2 Amendment dated May 28, 1979 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.8 to the Company's 10-K for the year ended March 31, 1979.

4.3 Amendment dated September 12, 1979 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.10 to the Company's Form 10-K for the year ended March 31, 1980.

4.4 Amendment dated March 31, 1980 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.11 to the Company's Form 10-K for the year ended March 31, 1980.

4.5 Amendment dated December 12, 1980 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.12 to the Company's Form 10-K for the year ended March 31, 1981.

4.6 Loan, Mortgage, and Security agreement dated as of December 1, 1980 between the Massachusetts Industrial Financial Agency and the Company filed as Exhibit 4.13 to the Company's Form 10-K for the year ended March 31, 1981.

4.7 Loan Agreement by and between the New Jersey Economic Development Authority and the Company dated as of September 1, 1981 filed as Exhibit 4.11 to the Company's Form 10-K for the year ended March 31, 1982.

4.8 Loan Agreement by and between the New Jersey Economic Development Authority and the Company dated as of October 1, 1981 filed as Exhibit 4.12 to the Company's Form 10-K for the year ended March 31, 1982.

4.9 Amendment dated July 21, 1981 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.13 to the Company's Form 10-K for the year ended March 31, 1982.

EXHIBITS
(continued)

4.10 Amendment dated August 4, 1981 to the Loan Agreement between the Company and the Prudential Insurance Company of America dated January 6, 1978 filed as Exhibit 4.14 to the Company's Form 10-K for the year ended March 31, 1982.

4.11 Amendment dated July 26, 1983 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.15 to the Company's Form 10-K for the year ended March 31, 1984.

4.12 Amendment dated October 18, 1983 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.16 to the Company's Form 10-K for the year ended March 31, 1984.

4.13 Amendment dated February 16, 1984 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.17 to the Company's Form 10-K for the year ended March 31, 1984.

4.14 Amendment dated January 3, 1985 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.18 to the Company's Form 10-K for the year ended March 31, 1985.

4.15 Amendment dated August 16, 1985 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.19 to the Company's Form 10-K for the year ended March 31, 1986.

4.16 Loan Agreement by and among the City of Brooklyn Park, Minnesota, McLean Midwest Corporation (wholly-owned by Zero Corporation), First National Bank in Anoka, Minnesota and Zero Corporation as guarantor dated as of August 1, 1985 is filed as Exhibit 4.20 to the Company's Form 10-K for the year ended March 31, 1986.

4.17 Loan Agreement by and among Investors in Industry PLC, Lloyds Bank, Samuel Groves & Co., Ltd. (wholly-owned by Zero Corporation) and Zero Corporation as guarantor dated as of May 1, 1984 is filed as Exhibit 4.21 to the Company's Form 10-K for the year ended March 31, 1986.

4.18 Amendment dated July 18, 1986 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.22 to the Company's Form 10-K for the year ended March 31, 1987.

4.19 Amendment dated January 9, 1987 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.23 to the Company's Form 10-K for the year ended March 31, 1987.

EXHIBITS
(continued)

4.20 Amendment dated October 22, 1987 to the Loan Agreement between the Company and The Prudential Insurance Company of America dated January 6, 1978 (Exhibit 4.1 above) filed as Exhibit 4.24 to the Company's Form 10-K for the year ended March 31, 1988.

4.21 Amendment dated December 31, 1987 to the Loan, Mortgage and Security Agreement dated as of December 1, 1980 between the Massachusetts Industrial Finance Agency and the Company (Exhibit 4.6 above) filed as Exhibit 4.25 to the Company's Form 10-K for the year ended March 31, 1988.

4.22 Amendment dated February 12, 1988 to the Loan Agreement by and among the City of Brooklyn Park, Minnesota, McLean Midwest Corporation (wholly-owned by Zero Corporation), First National Bank in Anoka, Minnesota and Zero Corporation as guarantor dated as of August 1, 1985 (Exhibit 4.16 above) filed as Exhibit 4.26 to the Company's Form 10-K for the year ended March 31, 1988.

4.23 Specimen form of certificate of common stock $0.01 par value per share filed as Exhibit 3-(4) of the Company's Form 8-B filed on September 7, 1988.

10.1 Zero Corporation Pension Plan and Trust (defined contribution "money purchase" pension plan) effective as of April 1, 1978, which was approved by the Company's Board of Directors on July 28, 1978 filed as Exhibit 11.1 to the Company's Form 10-K for the year ended March 31, 1979.

10.2 Deferred Compensation Plan adopted by the Company's Board of Directors on December 17, 1973 as amended by the Company's Board of Directors on December 11, 1974 filed as Exhibit 13.10 to the Company's Form 10-K for the year ended March 31, 1975.

10.3 Corporate Office Bonus Plan adopted by the Company's Board of Directors on January 21, 1987 filed as Exhibit 10.6 to the Company's Form 10-K for the year ended March 31, 1987.

10.4 Articles of Association of the Zero Corporation Employees Stock Purchase Plan filed as Exhibit 1 to Form S-8 Registration Statement (File No. 2-26009).

10.5 Division or Subsidiary Bonus Plan adopted by the Company's Board of Directors on January 21, 1987 filed as Exhibit 10.8 to the Company's Form 10-K for the year ended March 31, 1987.

10.6 1980 Non-Qualified and Incentive Stock Option Plan adopted by the Company's Shareholders on July 25, 1980 as amended through July 16, 1982 filed as Exhibit 10.8 to the Company's Form 10-K for the year ended March 31, 1983.

EXHIBITS
(continued)

10.7 Deferred Compensation Plan as amended through April 1, 1986 filed as Exhibit 10.13 to the Company's Form 10-K for the year ended March 31, 1986.

10.8 Zero Corporation 1988 Stock Option Plan, as amended, filed on Form S-8 Registration Statements (File Nos. 33-44143 and 33-27929).

13.1 Annual Report for the year ended March 31, 1992 (not deemed filed except for those portions specifically incorporated by reference herein).

22.1 Listing of the Company's subsidiaries filed as Exhibit 22.1 to the Company's Form 10-K for the year ended March 31, 1991.

24.1 Consent of Independent Auditors dated June 26, 1992 to the incorporation by reference of their reports filed herewith into the Company's Form S-8 Registration Statements (File Nos. 33-44143, 33-27929 and 2-54344).

(b) REPORTS ON FORM 8-K.

During the quarter ended March 31, 1992 the Company filed no reports on Form 8-K.

(c) EXHIBITS.

See listing of exhibits filed herewith on page 20 of this report.

(d) FINANCIAL STATEMENT SCHEDULES.

The financial statement schedules listed in Item 14(a)(2) above are shown on pages 15 through 18 of this report. The report of the Registrant's independent auditors, Deloitte & Touche, is set forth on page 19 of this report.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ George A. Daniels (George A. Daniels)	Vice President and Chief Financial Officer	June 26, 1992
/s/ Eric A. Sand (Eric A. Sand)	Controller and Chief Accounting Officer	June 26, 1992

DIRECTORS:

/s/ Bruce J. DeBever (Bruce J. DeBever)	Director	June 26, 1992
/s/ John B. Gilbert (John B. Gilbert)	Director	June 26, 1992
/s/ Clinton G. Gerlach (Clinton G. Gerlach)	Director	June 26, 1992
/s/ Wilford D. Godbold, Jr. (Wilford D. Godbold, Jr.)	Director and Chief Executive Officer	June 26, 1992
/s/ Bernard B. Heiler (Bernard B. Heiler)	Director	June 26, 1992
/s/ Howard W. Hill (Howard W. Hill)	Director	June 26, 1992
(Whitney A. McFarlin)	Director	
(Roger L. Putnam, Jr.)	Director	
(Robert C. Sherburne)	Director	

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SCHEDULE I

ZERO CORPORATION AND SUBSIDIARIES

SHORT-TERM INVESTMENTS

AS OF MARCH 31, 1992

Name of Issuer/ Type of Issue	Principal Amount	Original Cost	Market Value	Recorded Value
The United States Government - Treasury Bills and Notes	$4,000,000	$3,914,000	$4,003,000	$3,914,000
The State of California, and various Counties and Agencies thereof - Municipal Bonds	$6,450,000	$6,514,000	$6,500,000	6,475,000
				$10,389,000

ZERO CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED MARCH 31, 1992, 1991 AND 1990

	Balance at Beginning of Year	Provision Charged to Income	Doubtful Accounts Written Off (1)	Balance at End of Year
Allowance for doubtful accounts :				
April 1, 1991 to March 31, 1992	$801,000	$564,000	($494,000)	$871,000
April 1, 1990 to March 31, 1991	$737,000	$339,000	($275,000)	$801,000
April 1, 1989 to March 31, 1990	$841,000	$319,000	($423,000)	$737,000

(1) Net of recoveries

ZERO CORPORATION AND SUBSIDIARIES

SHORT-TERM BANK BORROWINGS

FOR THE YEARS ENDED MARCH 31, 1992, 1991 AND 1990

Category	Balance at End of Year	Interest Rate at End of Year	Maximum Amount Outstanding During the Year	Average Amount Outstanding During the Year	Weighted Average Interest Rate During the Year
Amounts Payable To Bank - 1992	$333,000	12.00%	$825,000	$502,000	12.47%
Amounts Payable To Bank - 1991	$500,000	14.00%	(a)	(a)	14.00%
Amounts Payable To Bank - 1990	-	N/A	-	-	N/A

Note - The amount payable to bank represents a line of credit of 750,000 Sterling (U.K.) and is due June 30, 1992. However, extensions for repayment of this borrowing may be granted.

(a) $500,000 was outstanding during March 1991 only.

SCHEDULE X

ZERO CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INCOME STATEMENT INFORMATION

FOR THE YEARS ENDED MARCH 31, 1992, 1991 AND 1990

	Amount Charged to Costs and Expenses		
	1992	1991	1990
Maintenance and repairs	$2,439,000	$2,590,000	$2,583,000
Advertising	$2,245,000	$2,290,000	$2,417,000

Deloitte &
Touche

1000 Wilshire Boulevard
Los Angeles, California 90017-2472
Telephone: (213) 688-0800

Telex: 910 3214090
Facsimile: (213) 688-0100

INDEPENDENT AUDITORS' REPORT

To the Stockholders of Zero Corporation:

We have audited the consolidated financial statements of Zero Corporation and its subsidiaries (the "Company") as of March 31, 1992 and 1991, and for each of the three years in the period ended March 31, 1992, and have issued our report thereon dated May 11, 1992; such financial statements and report are included in your 1992 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the financial statement schedules of the Company, listed in Item 14(a)(2). These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche

May 11, 1992

ZERO CORPORATION AND SUBSIDIARIES

FORM 10K, ITEM 14(c)

EXHIBITS FILED HEREWITH

13.1 Annual Report for the year ended March 31, 1992 (not deemed filed except for those portions specifically incorporated by reference herein).

24.1 Consent of Independent Auditors to incorporation by reference of reports filed herewith into the Company's Form S-8 Registration Statements (File Nos. 33-44143, 33-27929 and 2-54344).

2166-04059

EXHIBIT A

ZERO
C O R P O R A T I O N

1 9 9 2

ANNUAL REPORT

ZERO CORPORATION IS POSITIONED FOR THE FUTURE

Zero Corporation is synonymous with excellence in the engineering, manufacture and sale of cases, cabinets, cooling equipment and cargo enclosures. It is one of the country's leading suppliers of electronics packaging and cooling and produces specialized enclosures, cooling equipment and accessories primarily for the electronics industry.

Zero is also the country's leading manufacturer of air cargo enclosures and, under the Zero Halliburton® brand name, produces a premium line of aluminum luggage and carrying cases.

This year the Company celebrates its 40th year since its founding in 1952. Headquartered in Los Angeles, California, Zero has facilities throughout the United States and in Europe and Mexico. As you will see in the following report, Zero is positioned through investments in complementary product lines, facilities, technology, people and environmental systems to take advantage of present and future opportunities.

With 40 years of success, Zero is eagerly looking forward to many more.

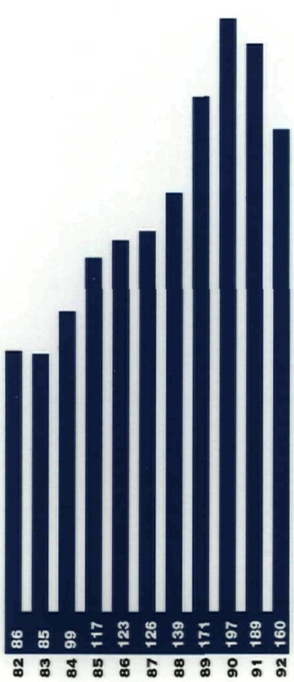
FIVE YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS*

Year Ended March 31, ($ thousands except per share data)	1988	1989	1990	1991	**1992**	Change 1992 vs. 1991
Net Sales	$139,073	$170,941	$196,928	$189,479	**$160,279**	(15.4%)
Net Income	13,290	16,063	16,114	10,761	**9,695**	(9.9%)
Working Capital	67,067	52,691	57,434	56,544	**56,223**	(0.6%)
Total Assets	132,784	152,146	147,526	156,680	**150,479**	(4.0%)
Stockholders' Equity	93,685	104,707	115,609	119,286	**123,065**	3.2%
Long-term Debt	10,954	4,724	3,259	2,429	**1,172**	
Return on Average Stockholders' Equity	15.0%	16.2%	14.6%	9.0%	**8.1%**	
Current Ratio	4.2:1	2.5:1	3.6:1	3.0:1	**3.8:1**	
Per Share Data:**						
Earnings	$ .85	$ 1.02	$ 1.02	$ .68	**$ .62**	
Dividends Paid	.29	.34	.39	.40	**.40**	
Stockholders' Equity	5.98	6.66	7.32	7.61	**7.83**	

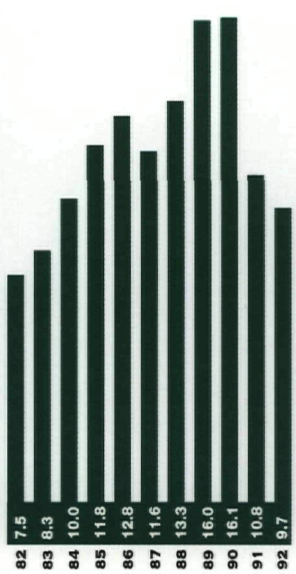
* For further information, see the notes to the consolidated financial statements, including Note 6 thereof relating to acquisitions.

** Where appropriate, adjustments have been made for the stock split distributed in September 1989.

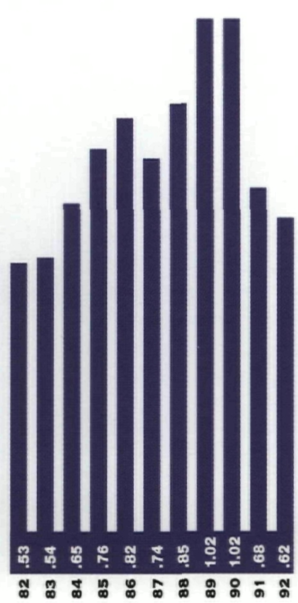
Net Sales in $ millions



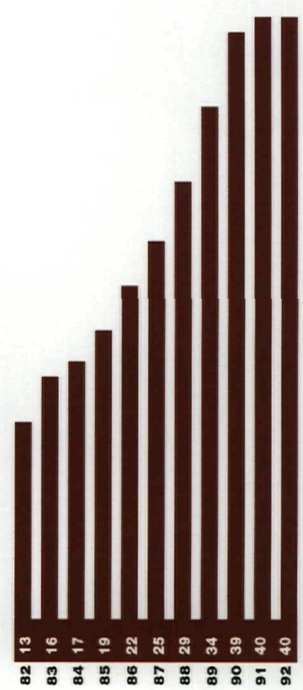
Net Income in $ millions



Earnings per Share in $

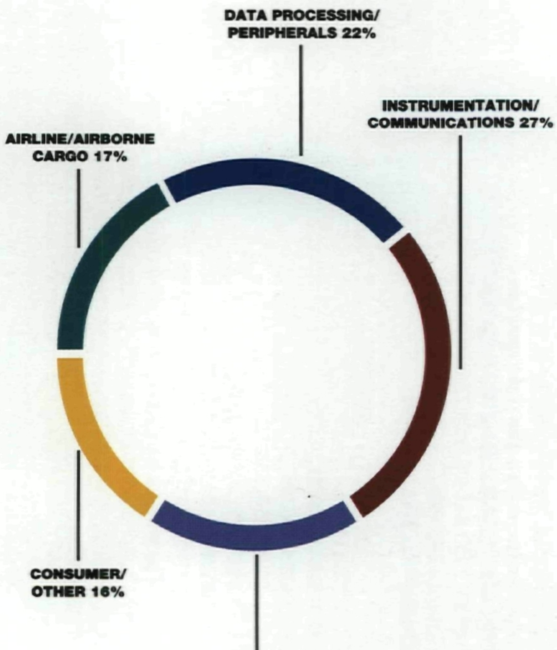


Dividends per Share in ¢



Wilford D. Godbold, Jr.

REVENUE FROM MARKETS SERVED



Dear Stockholder:

Fiscal 1992 was a challenging and productive year for Zero Corporation. We moved two major operating facilities, fought the ongoing recession and strategically positioned ourselves to take full advantage of future economic upswings.

Relocation and Consolidation of Facilities

We are very pleased to report that our move to Utah has been successfully completed.

During fiscal year 1992, we relocated our Zero Halliburton and Zero Enclosures facilities from Southern California to a 300,000-square-foot manufacturing plant in North Salt Lake. The moves, which included transporting tons of equipment and relocating many key employees, were accomplished on schedule and within budgeted costs.

We also completed the relocation of our Zero Cabinets division from North Hollywood to Pacoima, California. The 105,000-square-foot Pacoima facility provides a more efficient layout for our cabinet business and allows for future expansion.

We also concluded the consolidation of Air Cargo's four facilities into two, located in Rancho Dominguez, California. One facility is dedicated to manufacturing cargo containers and in-plane cargo handling systems while the other is used for cargo container repair.

We'd like to extend congratulations to everyone involved with the relocations and consolidations. Moving is extremely disruptive; however, due to extensive planning and an incredible amount of effort, confusion was kept to a minimum. Now, as a result of more efficient, cost effective production, we can take full advantage of the anticipated economic recovery.

The Burbank, California, facility has been listed for sale and, when sold, we expect to realize a gain exceeding the relocation costs; however, we do not know when the sale will occur.

Financial Results

As the accompanying financial data indicate, Zero's sales were $160 million, compared with $189 million last year. Much of the decrease was due to the recession, which has had a global impact, and to the previously announced divestitures of our workbench product line and aircraft ground support equipment businesses. Net income was $9.7 million, compared with $10.8 million in 1991. Lower net income resulted from reduced revenues and pricing pressure from competitors.

Our financial position remains strong, setting us apart from many other companies. At year end our current ratio was 3.8 to 1; cash and short-term investments exceeded $23 million. Long-term debt was reduced to less than $1.2 million. Equity increased to more than $123 million.

Acquisitions

Zero's strong cash position affords a unique opportunity to grow through acquisitions as well as internal expansion. During this past year, we negotiated to acquire several businesses in the United States and Europe, but no agreements were reached. Our acquisition interest remains high. We consider two types of acquisition candidates: first, companies which would operate as separate businesses with revenues of $20 to $100 million that are in industries we currently serve or that have manufacturing processes similar to ours; second, companies with revenues ranging from $8 to $15 million, with products that fit into our existing operations.

Strategy

Focus remains on the "four C's"—Cases, Cabinets, Cooling and Cargo enclosures. Zero provides leadership in these niches by furnishing a broad spectrum of products and by providing to our customers superior quality, service and on-time delivery.

Outlook for Fiscal 1993

While reading this report, I'm sure you recognize that the United States, and world in general, have gone through a particularly difficult economic period lasting substantially longer than initially anticipated. Signs indicate the recession is subsiding. However, the recovery rate is expected to be slower than after previous recessions. Through relocations, consolidations, cost reduction programs and "right-sizing," Zero is capable of reporting higher sales and earnings in the current economic climate. An improving economy should further enhance our prospects.

Directors

Mr. Robert C. Sherburne, a Zero Corporation Director since 1975, will retire at our July meeting. We'd like to express gratitude to Mr. Sherburne for the many contributions he has made while serving as a board member. At our April meeting, we welcomed Mr. Bruce DeBever, president of Decor Concepts Inc., as a new Director of Zero Corporation. We are delighted that Mr. DeBever joined our board and look forward to working with him.

Appreciation

We would like to express genuine gratitude and appreciation to our employees who performed so admirably during fiscal 1992, and to our Board of Directors who have provided thoughtful, strategic guidance during this period.

This year Zero Corporation celebrates 40 years of successful business and we are eagerly looking forward to celebrating many more.

Very Truly Yours,

John B. Gilbert

John B. Gilbert
Chairman of the Board

Wilford D. Godbold, Jr.
President and
Chief Executive Officer

May 11, 1992

ZERO IS POSITIONED THROUGH

Zero's primary product lines can simply be referred to as the "four C's"—Cases, Cabinets, Cooling and Cargo enclosures. All product lines and operating divisions are strategically interrelated to

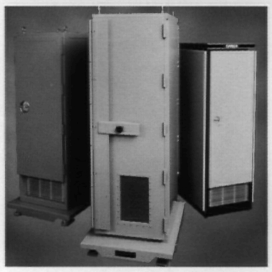
CASES

Cases designed, engineered and manufactured by Zero Corporation include rotationally molded plastic, highly customized aluminum and the prestigious line of Zero Halliburton® luggage and carrying cases. Zero's extensive breadth of case products makes it one of the country's leading providers of such enclosures.

CASE PRODUCT RANGE:

- THERMOFORMED PLASTIC
- ROTATIONALLY MOLDED PLASTIC
- RACK MOUNTABLE ALUMINUM
- DEEP DRAWN ALUMINUM COMMERCIAL, INDUSTRIAL AND CONSUMER
- MIL-SPEC

ZERO, WHICH HAS SOME 40,000 STANDARD SIZES OF DEEP DRAWN ENCLOSURES, MANUFACTURES CASES TO SERVE A BROAD VARIETY OF MARKETS INCLUDING THE COMMUNICATIONS, INSTRUMENTATION, DATA PROCESSING, GOVERNMENT, MILITARY AND CONSUMER. IN ADDITION TO DISCRIMINATING CONSUMERS, CUSTOMERS INCLUDE ALLIED SIGNAL, TEXAS INSTRUMENTS, TEKTRONIX AND HEWLETT PACKARD.



CABINETS

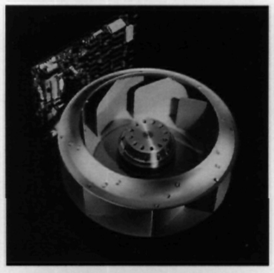
Cabinets, including the innovative *Epoch 2000* and rugged TEMPEST, as well as card cages and desktop applications, have earned Zero its leadership in electronic and computer packaging. With over 30 cabinet lines of standard and custom enclosures, Zero continually provides customers with practical solutions to their unique packaging requirements.

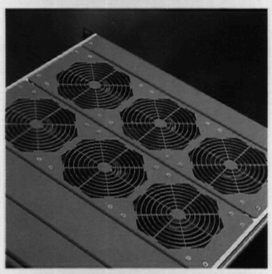
CABINET PRODUCT RANGE:

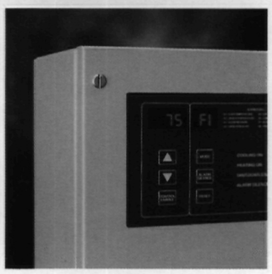
- RACKS
- CARD CAGES
- DESKTOP ENCLOSURES
- CABINETS
  - COMMERCIAL/INDUSTRIAL
  - SHIELDED AND TEMPEST
  - MIL-SPEC

ZERO'S EXTENSIVE CABINET LINE SERVES MANY NICHE MARKETS WITHIN THE BROAD INSTRUMENTATION, COMMUNICATION, DATA PROCESSING, GOVERNMENT AND MILITARY MARKETS. CUSTOMERS INCLUDE GENERAL ELECTRIC, MARTIN MARIETTA, RAYTHEON, VARIAN AND BLOOMBERG.

serve Zero's numerous markets. Products are developed internally or added through acquisitions to satisfy the diverse needs of the Company's global customer base.







COOLING

Cooling and effective climate control within the electronic industry is critical. To meet the ever-changing specifications, Zero offers an array of products spanning from motorized impellers and fan trays to electronically controlled air conditioners. Industry expertise, ongoing research and superior engineering enable Zero to maintain its solid leadership in electronics cooling.

COOLING PRODUCT RANGE:

- **MOTORIZED IMPELLERS**
- **FANS AND ASSEMBLIES**
- **CENTRIFUGAL AND PACKAGED BLOWERS**
- **HEAT EXCHANGERS**
- **AIR CONDITIONERS**

GENERAL AND NICHE MARKETS SERVED BY ZERO'S COMPREHENSIVE RANGE OF COOLING PRODUCTS INCLUDE DATA PROCESSING, INSTRUMENTATION, COMMUNICATIONS, GOVERNMENT AND MILITARY. CUSTOMERS INCLUDE IBM, AT&T, UNISYS, TANDEM, NORTHERN TELECOM AND SUN MICROSYSTEMS.

CARGO

Cargo enclosures and in-plane cargo handling systems are designed, manufactured and marketed to the airline industry under the Air Cargo Equipment Corporation name. Zero is the United States' leading provider of cargo containers, which range from rotationally molded plastic, fiberglass and aluminum to polycarbonate. Accessories include patented Bondolite® composite panels, as well as specialized hardware and attachments.

CARGO PRODUCT RANGE:

- **CARGO TIE-DOWNS**
- **BONDED PANELS**
- **PALLETS AND NETS**
- **CONTAINERS – POLYETHYLENE, FIBERGLASS, ALUMINUM, POLYCARBONATE**
- **IN-PLANE CARGO HANDLING SYSTEMS**

ZERO'S CARGO CONTAINERS AND IN-PLANE CARGO HANDLING SYSTEMS ARE MARKETED TO U.S. AND FOREIGN AIRLINES AS WELL AS AIRBORNE FREIGHT FOWARDERS SUCH AS AMERICAN AIRLINES, BOEING, UPS AND UNITED.

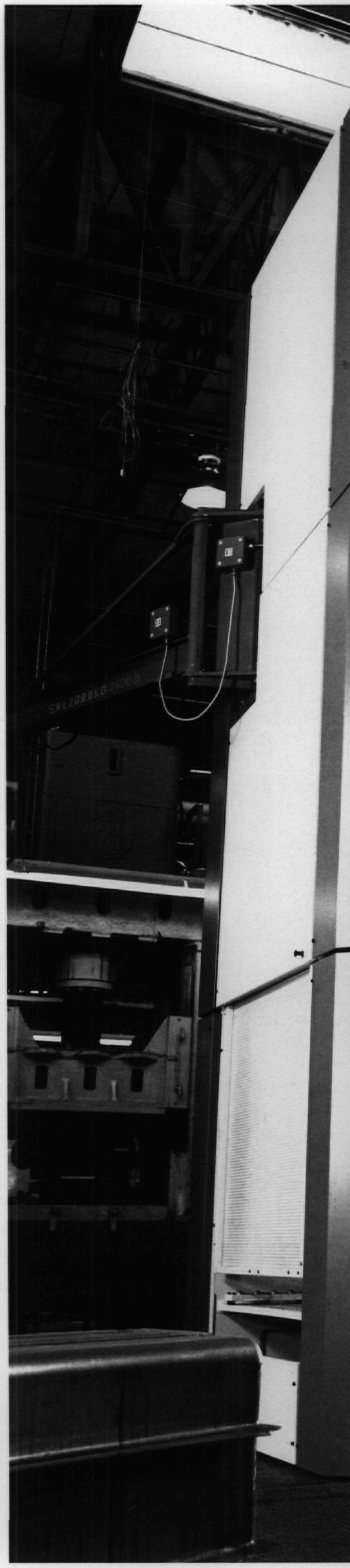
ZERO IS POSITIONED THROUGH

This year Zero Corporation is 40 years strong. Once a small California sheet metal firm with less than 20 employees, Zero is now an internationally recognized firm with approximately 1,750 employees in 16 facilities, totaling approximately 1.4 million square feet, located throughout the United States and in Europe and Mexico.

Zero is guided by a commitment to world-class excellence.

Strategic relocations and consolidations have enabled Zero to equip its facilities with more efficient, cost effective manufacturing improvements including computerized paint and anodize system lines.

Zero Corporation maintains its worldwide reputation for superior craftsmanship through products such as Zero Halliburton's handbags for women, which are manufactured at the new Utah facility.



Zero's updated 300,000-square-foot Utah facility features a new state-of-the-art hydraulic press. This $600,000 investment enables improved productivity and more cost effective manufacturing.


Danish Press Group

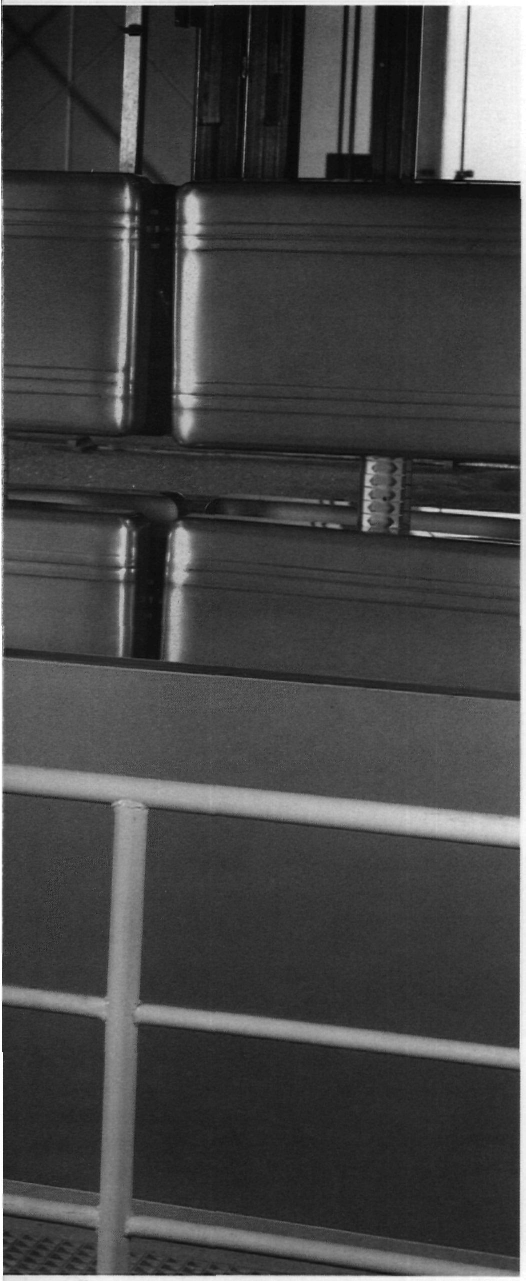
Zero's continued commitment to technological innovation keeps it a market leader.

As part of relocating its enclosure business, Zero invested more than $9 million in facilities, state-of-the-art equipment and processes to

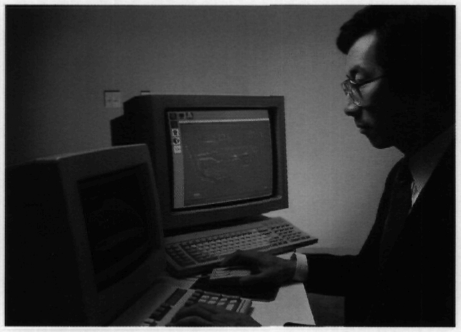
Highly computerized processes, such as Zero's new anodizing line, ensure the quality and statistical predictability necessary to serve a customer base of over 18,000.

ensure that it continues its quest as a low cost producer in each of the niches it serves.

Through ongoing investment in technology and selective acquisitions, Zero believes it is strategically positioned to take advantage of existing and future opportunities.



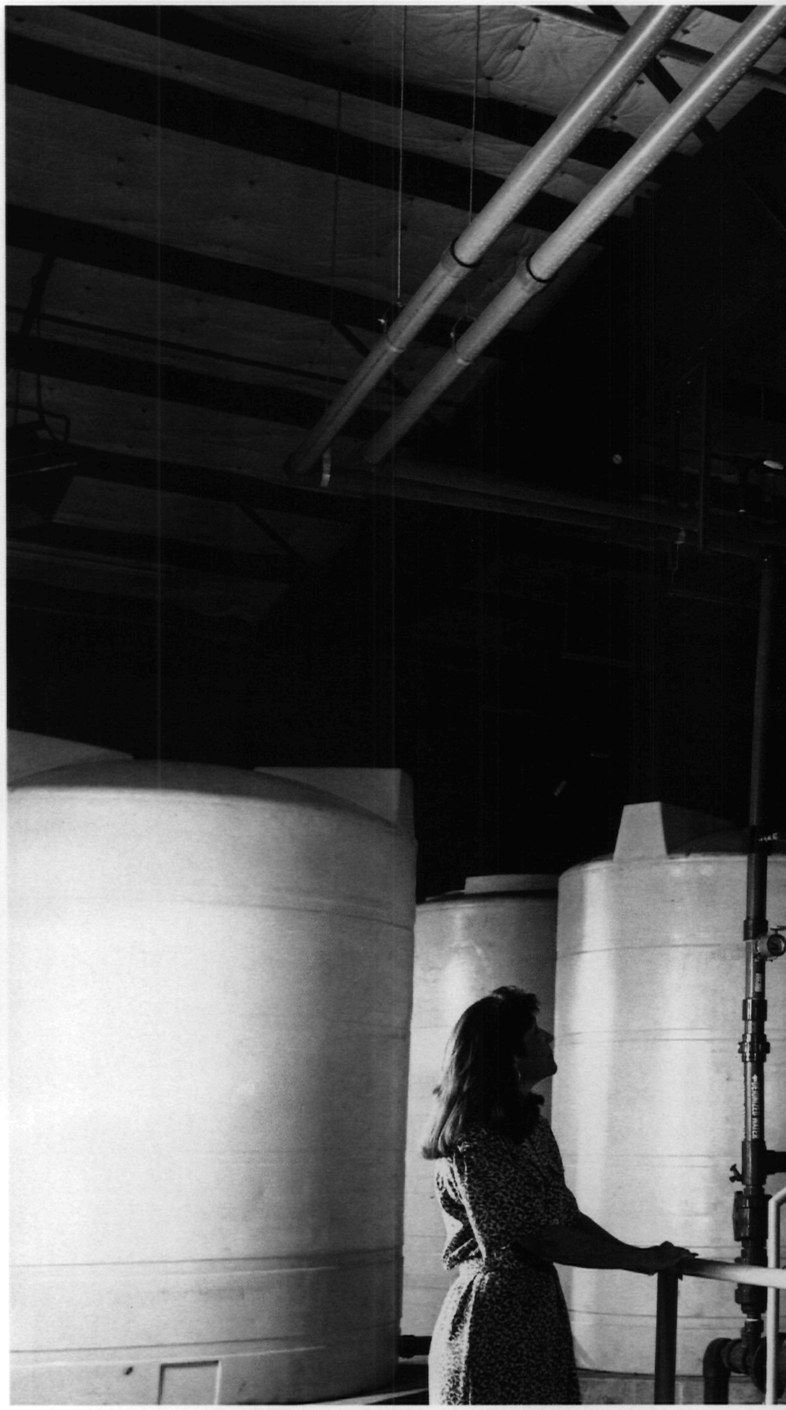
Dedication to ongoing research and development enables Zero to provide the latest technology ranging from basic, standard designs to totally customized solutions.

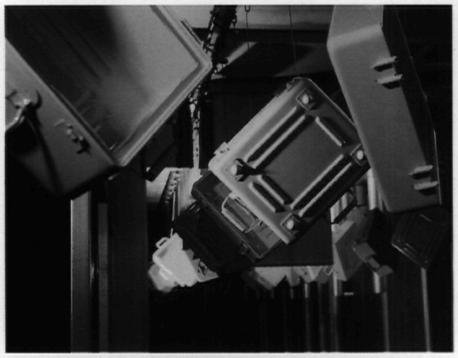


Computer aided design and computer aided manufacturing (CAD/CAM), assure close tolerance, cost saving solutions to customers' specific packaging needs.

Zero's success is largely due to the Company's recognition and continuing commitment to its human, as well as natural, resources. To maintain its leading edge, significant emphasis is placed on intensive internal and external training

Ongoing training programs insure that Zero's dedicated workforce can quickly respond to customer requirements with up-to-date, consistent and accurate information concerning products and capabilities.





To increase cost efficiency and remain sensitive to environmental concerns, Zero has invested in powder paint systems.

programs to enhance skills, teamwork and quality. Additionally, the Company recognizes its responsibility to be environmentally conscientious and takes a proactive position to assure that all manufacturing operations are environmentally sound.

This $450,000 state-of-the-art wastewater treatment system exemplifies Zero's commitment to preserve and protect the environment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Management's Discussion and Analysis of Results of Operations and Financial Condition includes the letter to stockholders on pages 2 and 3, the Five Year Consolidated Financial Highlights on page one and the following additional information.

RESULTS OF OPERATIONS

For the years ended March 31, 1992, 1991 and 1990 Consolidated Net Sales were $160,279,000, $189,479,000 and 196,928,000, respectively. Net Income was $9,695,000, $10,761,000 and $16,114,000, and Earnings Per Share were $.62, $.68 and $1.02, respectively. Net Income for 1991 included an after-tax charge of $3,831,000 or $.24 per share for plant relocation costs.

The decreases in Net Sales during 1992 and 1991 were primarily attributable to the continuing economic recession, which has affected all major product lines, and the divestiture of the workbench product line and the aircraft ground support business in the second quarter of fiscal 1991, each of which accounted for approximately 3% of annual revenue.

Selling and Administrative Expenses decreased 8% during 1992 but increased as a percentage of Net Sales. The increase in Selling and Administrative Expenses during 1991 was the result of having a full year's effect of a fiscal 1990 acquisition.

FINANCIAL POSITION

Cash provided by operating activities was $17,311,000 in 1992, $22,837,000 in 1991 and $19,541,000 in 1990, while property additions during those years were $7,176,000, $8,080,000 and $3,691,000, respectively. The increase in property additions during 1992 and 1991 is related to the plant relocations and new equipment purchases. As of March 31, 1992, the amount remaining to be spent for property and equipment additions related to the relocations was not material.

See Note 9 for information regarding legal and environmental matters.

Management believes cash from operations, together with the Company's short-term investments and ability to obtain financing, will provide more than adequate funds for the Company's short-term and foreseeable long-term needs, including potential acquisitions. The Company will continue to invest its available funds in highly liquid, low risk short-term investments.

STATEMENTS OF CONSOLIDATED INCOME

	Year Ended March 31, 1992	1991	1990
Net Sales	$160,279,000	$189,479,000	$196,928,000
Interest Income	1,180,000	1,541,000	1,279,000
Other Income	1,839,000	999,000	807,000
Total Revenue	163,298,000	192,019,000	199,014,000
Costs and Expenses			
Cost of sales			
(exclusive of depreciation and amortization)	106,512,000	124,330,000	129,417,000
Selling and administrative expenses	35,345,000	38,352,000	37,520,000
Depreciation and amortization	4,625,000	4,529,000	4,616,000
Interest expense	756,000	776,000	1,122,000
Plant relocation costs	—	6,400,000	—
Total Costs and Expenses	147,238,000	174,387,000	172,675,000
Income Before Income Taxes	16,060,000	17,632,000	26,339,000
Income Taxes	6,365,000	6,871,000	10,225,000
Net Income	$ 9,695,000	$ 10,761,000	$ 16,114,000
Earnings Per Common Share	$0.62	$0.68	$1.02

The notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

	March 31, 1992	March 31, 1991
ASSETS		
Current Assets		
Cash and cash equivalents	$ 13,310,000	$ 9,469,000
Short-term investments	10,389,000	10,666,000
Receivables (less allowances for doubtful accounts of $871,000 in 1992 and $801,000 in 1991)	23,558,000	29,875,000
Inventories:		
Raw materials and supplies	11,963,000	16,035,000
Work in process	7,550,000	8,207,000
Finished goods	3,956,000	4,255,000
Other (including deferred tax benefit of $4,456,000 in 1992 and $5,159,000 in 1991)	5,453,000	6,828,000
Total Current Assets	76,179,000	85,335,000
Net Property, Plant and Equipment	29,313,000	28,425,000
Excess Costs (costs in excess of the value of net assets acquired in purchase transactions, less accumulated amortization of $6,543,000 in 1992 and $5,502,000 in 1991)	33,069,000	34,110,000
Other Assets	11,918,000	8,810,000
Total Assets	$150,479,000	$156,680,000

The notes to consolidated financial statements are an integral part of these statements.

	March 31, 1992	March 31, 1991
LIABILITIES		
Current Liabilities		
Bank borrowings and current portion of long-term debt	$ 1,192,000	$ 1,482,000
Accounts payable	4,019,000	4,945,000
Income taxes payable	161,000	763,000
Accrued liabilities:		
Other taxes	1,249,000	1,785,000
Wages and commissions	5,793,000	7,147,000
Workers' compensation	2,036,000	1,865,000
Other (including plant relocation costs of $1,053,000 in 1992 and $6,324,000 in 1991)	5,506,000	10,804,000
Total Current Liabilities	19,956,000	28,791,000
Long-Term Debt	1,172,000	2,429,000
Other Non-Current Liabilities (including deferred compensation of $4,079,000 in 1992 and $4,252,000 in 1991)	6,286,000	6,174,000
STOCKHOLDERS' EQUITY		
Preferred stock — authorized 1,000,000 shares of $.01 par value; none issued		
Common stock — authorized 20,000,000 shares of $.01 par value; outstanding shares, 15,875,287 in 1992 and 15,843,004 in 1991	159,000	158,000
Additional paid-in capital	27,236,000	26,632,000
Retained earnings	96,794,000	93,629,000
	124,189,000	120,419,000
Foreign currency translation adjustments	553,000	544,000
Treasury stock (162,700 shares), at cost	(1,677,000)	(1,677,000)
Total Stockholders' Equity	123,065,000	119,286,000
Total Liabilities and Stockholders' Equity	$150,479,000	$156,680,000

The notes to consolidated financial statements are an integral part of these statements.

STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

	Outstanding Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Treasury Stock
Balance at March 31, 1989	12,567,802	$126,000	$24,663,000	$79,570,000	$348,000	$ —
5-for-4 stock split (including $28,000 cash paid in lieu of fractional shares)	3,151,248	31,000	(31,000)	(28,000)	—	—
Net income for the year	—	—	—	16,114,000	—	—
Cash dividends declared— $.39 per share	—	—	—	(6,117,000)	—	—
Exercise of stock options	77,122	1,000	1,287,000	(223,000)	—	—
Foreign currency translation adjustments	—	—	—	—	(132,000)	—
Balance at March 31, 1990	15,796,172	158,000	25,919,000	89,316,000	216,000	—
Net income for the year	—	—	—	10,761,000	—	—
Shares purchased for treasury	—	—	—	—	—	(1,677,000)
Cash dividends declared— $.40 per share	—	—	—	(6,300,000)	—	—
Exercise of stock options	46,832	—	713,000	(148,000)	—	—
Foreign currency translation adjustments			—	—	328,000	—
Balance at March 31, 1991	15,843,004	158,000	26,632,000	93,629,000	544,000	(1,677,000)
Net income for the year	—	—	—	9,695,000	—	—
Cash dividends declared— $.40 per share	—	—	—	(6,281,000)	—	—
Exercise of stock options	32,283	1,000	604,000	(249,000)	—	—
Foreign currency translation adjustments	—	—	—	—	9,000	—
Balance at March 31, 1992	15,875,287	$159,000	$27,236,000	$96,794,000	$553,000	$(1,677,000)

The notes to consolidated financial statements are an integral part of these statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

	Year Ended March 31,		
	1992	1991	1990
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 9,695,000	$10,761,000	$16,114,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,666,000	5,603,000	5,659,000
Changes in operating assets and liabilities net of effect of business acquisitions:			
Decrease (increase) in accounts receivable	5,708,000	904,000	(109,000)
Decrease in inventories	5,028,000	3,774,000	893,000
Increase in other non-current assets	(828,000)	(1,420,000)	(1,652,000)
Increase (decrease) in accounts payable	(926,000)	(1,404,000)	343,000
Increase (decrease) in accrued liabilities	(7,619,000)	7,001,000	(1,636,000)
Increase (decrease) in other non-current liabilities	112,000	(381,000)	(592,000)
Other	475,000	(2,001,000)	521,000
Net cash provided by operating activities	17,311,000	22,837,000	19,541,000
CASH FLOW FROM INVESTING ACTIVITIES:			
(Purchases) sales of short-term investments, net	277,000	(9,226,000)	8,538,000
Purchase of non-cash net assets of acquired businesses	–	(1,160,000)	(9,170,000)
Expenditures for property, plant and equipment	(7,176,000)	(8,080,000)	(3,691,000)
Other	893,000	737,000	490,000
Net cash required by investing activities	(6,006,000)	(17,729,000)	(3,833,000)
CASH FLOW FROM FINANCING ACTIVITIES:			
Cash dividends paid	(6,281,000)	(6,300,000)	(6,117,000)
Bank borrowings	–	500,000	–
Payments of long-term debt	(1,522,000)	(1,041,000)	(13,524,000)
Exercise of stock options	356,000	565,000	1,065,000
Purchase of treasury stock	–	(1,677,000)	–
Other (including effect of exchange rate changes)	(17,000)	379,000	(28,000)
Net cash required by financing activities	(7,464,000)	(7,574,000)	(18,604,000)
Net increase (decrease) in cash and cash equivalents	3,841,000	(2,466,000)	(2,896,000)
Cash and cash equivalents at beginning of period	9,469,000	11,935,000	14,831,000
Cash and cash equivalents at end of period	$13,310,000	$ 9,469,000	$11,935,000

The notes to consolidated financial statements are an integral part of these statements.

1 SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Cash Equivalents—Cash equivalents include highly liquid investments purchased with maturities of three months or less.

Short-Term Investments—Short-term investments at March 31, 1992 and 1991 consisted primarily of treasury bills and municipal bonds. Municipal bonds are carried at the lower of aggregate cost (computed on a first-in, first-out basis) or market.

Inventories—Substantially all of the Company's inventories are stated at the lower of cost (first-in, first-out or average) or market.

Property, Plant and Equipment—Property, plant and equipment is recorded at cost. Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Capital leases and leasehold improvements are amortized over the life of the related assets or the life of the lease, whichever is shorter.

Excess Costs—Costs in excess of the value of net assets acquired in purchase transactions are being amortized over periods of up to 40 years.

Earnings per Common Share—Earnings per common share are computed based on the weighted average number of shares of common stock and common stock equivalents (stock options) outstanding in each year. The average number of shares of common stock and common stock equivalents for 1992, 1991 and 1990 was 15,733,093, 15,760,603 and 15,852,842, respectively.

Foreign Currency Translation—Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the year-end exchange rate. Gains and losses from this translation are being accumulated in stockholders' equity. The related income statement is translated at the average exchange rate for the year.

Supplemental Cash Flow Information—For the years ended March 31, 1992, 1991 and 1990, cash paid for interest was $772,000, $741,000 and $1,095,000 and cash paid for income taxes was $5,809,000, $9,270,000 and $10,615,000, respectively.

Report Presentation—Certain amounts reported in prior years have been reclassified to conform to the 1992 presentation.

2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at March 31, 1992 and 1991:

	1992	1991
Land	$ 1,997,000	$ 2,336,000
Buildings and land improvements	12,659,000	17,439,000
Machinery and equipment	50,270,000	43,847,000
Leasehold improvements	3,292,000	3,754,000
Total	68,218,000	67,376,000
Less accumulated depreciation and amortization	38,905,000	38,951,000
Net property, plant and equipment	$29,313,000	$28,425,000

3 PLANT RELOCATIONS

The plant relocations undertaken in fiscal 1991 were substantially completed during fiscal 1992.

Upon the completion of the relocations and the start-up of operations at the new facilities during fiscal 1992, a facility became idle and its net book value was reclassified to Other Assets.

4 LONG-TERM DEBT

At March 31, 1992 and 1991, long-term debt consisted of:

	1992	1991
750,000 Sterling line of credit	$ 333,000	$ 500,000
8.85% promissory note, due $400,000 annually, plus interest	400,000	800,000
United Kingdom financial facilities	432,000	632,000
Industrial Revenue Bonds (.60 to .90 of prime rate)	1,199,000	1,476,000
9.88% to 10.00% notes (fixed and floating rates)	—	503,000
Total	2,364,000	3,911,000
Less portion due within one year	1,192,000	1,482,000
Portion due after one year	$1,172,000	$2,429,000

The line of credit is due June 1992 and bears interest at the bank's prime rate plus 1.5 percent. At March 31, 1992, the effective rate was 12.00%.

Under the terms of the United Kingdom financial facilities, the unpaid balance bears interest equal to the three-month LIBOR rate (for Sterling Deposits) plus 1.75 percent. For the quarter ended March 31, 1992, the effective rate was 12.63%. The loans are payable in yearly installments of approximately $200,000. The interest is payable quarterly.

At March 31, 1992, property, plant and equipment having a net book value of approximately $5,482,000 served as collateral for approximately $1,964,000 of the above indebtedness.

Under the most restrictive provisions of the Company's loan agreements, the Company is required to maintain minimum levels of consolidated net worth and working capital, to maintain certain financial ratios and to restrict cash dividends or other distributions with respect to common stock. At March 31, 1992, retained earnings of approximately $20,000,000 were available for the payments of dividends.

Maturities of long-term debt for the five years ending March 31, 1997 are as follows:

Year Ending March 31,	
1993	$1,192,000
1994	469,000
1995	306,000
1996	131,000
1997	53,000
Thereafter	213,000

5 EMPLOYEE BENEFITS

The Company has a defined contribution pension plan which, except for employees covered by collective bargaining agreements, covers all employees of divisions who have elected to participate and who have completed at least one year of service. The pension plan cost, which is fully funded on a current basis, is based upon percentages of eligible employees' compensation. The Company's contributions to the plan aggregated $1,331,000, $1,527,000 and $1,371,000 in 1992, 1991 and 1990, respectively.

The Company has nonqualified deferred compensation plans covering key employees. Prior to fiscal 1990 each participant could elect to have a portion of his compensation credited to the plans. The amounts set aside earn interest generally at the average prime lending rate compounded semi-annually, although certain amounts earn interest at rates higher than such prime rate. Interest expense accrued on the participants' accounts during 1992, 1991 and 1990 totalled $437,000, $473,000 and $569,000, respectively. Generally, payment of a participant's account balance will be deferred until death, disability or retirement.

6 ACQUISITIONS

The Company acquired in purchase transactions one entity during each of the years ended March 31, 1991 and 1990. Such acquisitions have been included in the consolidated financial statements from their respective dates of acquisition and would not have had a significant impact on reported net income in fiscal years 1991 or 1990 if their results had been included for the entire period. Pro forma sales for 1990 would have approximated $201,000,000 if the acquisition in that year had been completed at March 31, 1989.

7 COMMON STOCK

A 5-for-4 stock split was distributed to stockholders on September 5, 1989. Retroactive effect was given to the stock split in the calculation of all per share information set forth in the consolidated financial statements, including earnings per share.

The Company's various stock option plans provide for the granting to directors, officers and other key employees of options to purchase shares of the Company's stock at a price not less than the fair market value on the date of grant. Options are granted for terms of five years and are exercisable in annual installments (generally one-third of the total grant) commencing one year from date of grant, on a cumulative basis.

The Company's non-qualified and incentive stock option plans provide for the granting of stock appreciation rights ("SARs") in tandem with options. The SARs entitle the holder to receive an amount equal to the excess of the fair market value of the Company's common stock on the date the right is exercised over the option price. The exercise of SARs automatically cancels an equal number of related options. Compensation expense recognized in connection with SARs during the years ended March 31, 1992, 1991 and 1990 was not material.

Changes in the number of shares subject to options during the three years ended March 31, 1992, are summarized as follows:

	1992	1991	1990
Outstanding at beginning of year	592,310	451,656	415,137
Add:			
Options granted (1992, $11.56 to $14.38 per share; 1991, $10.38 to $14.50 per share; 1990, $14.80 to $17.50 per share)	208,550	239,900	165,975
Deduct:			
Options exercised (1992, $10.38 to $12.24 per share; 1991, $11.52 to $13.36 per share; 1990, $11.52 to $13.00 per share)	(48,933)	(56,992)	(101,296)
Options cancelled as a result of SARs exercised (1992, $12.04 per share; 1991, $11.52 to $12.24 per share; 1990, $11.52 to $12.04 per share)	(11,875)	(11,743)	(8,390)
Options cancelled or expired (1992, $10.38 to $15.25 per share; 1991, $12.24 to $15.25 per share; 1990, $10.70 to $13.00 per share)	(50,664)	(30,511)	(19,770)
Outstanding at end of year (1992, $10.38 to $17.50 per share; 1991, $10.38 to $17.50 per share; 1990, $10.70 to $17.50 per share)	689,388	592,310	451,656

Of the total outstanding options at March 31, 1992 and 1991, options for 260,581 and 195,566 shares, respectively, were exercisable; and options for 208,143, 151,148 and 69,516 shares become exercisable during the fiscal years ending March 31, 1993 through 1995, respectively. At March 31, 1992, options for 420,532 shares remain available for future grants.

8 INCOME TAXES

The provision for income taxes is summarized as follows:

	1992	1991	1990
Current:			
Federal	$3,979,000	$7,125,000	$7,372,000
State	887,000	2,153,000	2,078,000
Other	98,000	235,000	304,000
Deferred:			
Federal:			
Plant relocation	1,651,000	(2,150,000)	–
Other reserves and accruals	(601,000)	(162,000)	199,000
Other	263,000	137,000	250,000
	1,313,000	(2,175,000)	449,000
State	368,000	(467,000)	22,000
Other	(280,000)	–	–
Total	$6,365,000	$6,871,000	$10,225,000

A reconciliation between the income taxes computed at the Federal statutory rate and the provision for income taxes is as follows:

	1992	1991	1990
Income taxes computed at the Federal statutory rate	$5,460,000	$5,995,000	$8,955,000
State income taxes net of Federal income tax benefit	828,000	1,113,000	1,386,000
Tax exempt income	(210,000)	(361,000)	(284,000)
Other	287,000	124,000	168,000
Total provision	$6,365,000	$6,871,000	$10,225,000
Effective income tax rate	39.6%	39.0%	38.8%

During 1992, the Financial Accounting Standards Board issued a new statement on Accounting for Income Taxes. This statement changes current accounting practices for the computation of income tax expense. The new principles established in this statement must be implemented by the Company in fiscal 1993 and are not expected to have a material impact on the Company.

9 COMMITMENTS AND CONTINGENCIES

Future minimum lease payments under operating leases at March 31, 1992 are summarized as follows:

Year Ending March 31,	
1993	$2,071,000
1994	1,385,000
1995	1,291,000
1996	1,272,000
1997	941,000
thereafter	2,207,000
Total minimum lease payments	$9,167,000

Rental expense under operating leases was $2,525,000, $2,887,000 and $2,994,000 for 1992, 1991 and 1990, respectively. Obligations under capital leases at March 31, 1992 were not material.

The Company is subject to legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities and in four environmental matters, along with other companies, has been named a "potentially responsible party." The Company believes, based on information currently available, any liability that may result from the resolution of these matters will not have a material adverse effect on its financial position.

10 SEGMENT INFORMATION

Business segment information as of and for the years ended March 31, 1992, 1991 and 1990 is as follows:

	1992			1991			1990		
(In 000's of dollars)	Encl. and Accessories	Other	Total	Encl. and Accessories	Other	Total	Encl. and Accessories	Other	Total
Sales	$132,031	$28,248	$160,279	$156,096	$33,383	$189,479	$164,937	$31,991	$196,928
Operating profit	$ 15,189	$ 2,983	$ 18,172	$ 17,187	$ 4,296	$ 21,483	$ 26,253	$ 3,667	$ 29,920
General corporate income (expenses), net			(1,356)			(3,075)			(2,459)
Interest expense			(756)			(776)			(1,122)
Income before taxes			$ 16,060			$ 17,632			$ 26,339
Identifiable assets	$ 94,557	$20,553	$115,110	$104,751	$21,003	$125,754	$100,450	$25,228	$125,678
Corporate assets			35,369			30,926			21,848
Total assets			$150,479			$156,680			$147,526
Depreciation and amortization	$ 3,786	$ 839	$ 4,625	$ 3,662	$ 867	$ 4,529	$ 3,821	$ 795	$ 4,616
Capital expenditures	$ 6,435	$ 741	$ 7,176	$ 7,100	$ 980	$ 8,080	$ 2,778	$ 913	$ 3,691

The Company's business primarily consists of enclosures and accessories including the engineering, manufacture and sale of metal and plastic enclosures, cabinets, instrument cases, aluminum luggage, camera cases, industrial carrying cases, cargo enclosures, card cages for printed circuit boards, as well as precision slides, blowers, fans, cooling systems and wire wrap services and other similar products. The Company also manufactures and sells thermoformed plastic parts, metal stampings, case hardware, aircraft cargo hardware, food service containers and other custom metal products.

Sales under United States government contracts and subcontracts accounted for approximately 18%, 22% and 19% of total sales in 1992, 1991 and 1990, respectively.

11 QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations for the two years ended March 31, 1992:

Quarter Ended:	Total Revenues	Gross Profit	Income Before Income Taxes	Net Income	Earnings Per Common Share
1992					
March 31, 1992	$38,703,000	$13,519,000	$4,094,000	$2,602,000	$ 0.17
December 31, 1991	39,193,000	12,308,000	3,602,000	2,118,000	0.13
September 30, 1991	41,981,000	13,192,000	3,617,000	2,128,000	0.14
June 30, 1991	43,421,000	14,578,000	4,747,000	2,847,000	0.18
1991					
March 31, 1991	$44,428,000	$15,852,000	$ (260,000)	$ 12,000	$ —
December 31, 1990	45,581,000	14,807,000	5,341,000	3,175,000	0.20
September 30, 1990	50,521,000	16,261,000	6,063,000	3,572,000	0.23
June 30, 1990	51,489,000	17,079,000	6,488,000	4,002,000	0.25

INDEPENDENT AUDITORS' REPORT

To the Stockholders of Zero Corporation:

We have audited the accompanying consolidated balance sheets of Zero Corporation and its subsidiaries as of March 31, 1992 and 1991, and the related statements of consolidated income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Zero Corporation and its subsidiaries at March 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1992 in conformity with generally accepted accounting principles.

Deloitte & Touche

Los Angeles, California
May 11, 1992

MANAGEMENT'S REPORT

May 11, 1992

The accompanying consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on management's judgement and estimates. The integrity of the financial statements and the other financial information in the Annual Report is the responsibility of management. The financial statements have been audited by Deloitte & Touche, independent auditors, appointed by the Board of Directors.

The Company maintains internal accounting control systems that are adequate to provide reasonable, but not absolute, assurance that the assets are safeguarded from loss or unauthorized use. These systems produce records adequate for preparation of financial information. In establishing and maintaining internal controls, the Company exercises judgement in determining that the costs of such controls do not exceed the benefits to be derived.

The Board of Directors has an Audit Committee composed solely of directors who are not officers or employees. The Committee meets regularly with management, with the Company's internal audit staff, and with the independent auditors. The independent auditors and the internal audit staff periodically meet alone with the Audit Committee and have free access to the Audit Committee at any time.

Wilford D. Godbold, Jr.
President and Chief Executive Officer

George A. Daniels
Vice President and Chief Financial Officer

Eric A. Sand
Controller and Chief Accounting Officer

BOARD OF DIRECTORS

Bruce J. DeBever
President of Decor Concepts Inc. (designer, manufacturer of commercial furniture)
Director since 1992

Clinton G. Gerlach
Chairman of the Board President and Chief Executive Officer, Calnetics Corporation (molded plastic components)
Director since 1972

John B. Gilbert
Chairman of the Board
Chairman of the Board, TOLD Corporation (land development)
Director since 1952

Wilford D. Godbold, Jr.
President and Chief Executive Officer
Director since 1982

Bernard B. Heiler
President of GTEL and Area Vice President-Sales, GTE West Area (communications business)
Director since 1988

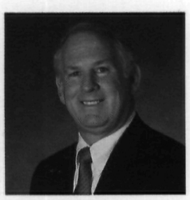
Howard W. Hill
Vice Chairman of the Board
Director since 1960

Whitney A. McFarlin
President and Chief Executive Officer, Clarus Medical Systems, Inc. (medical delivery systems)
Director since 1988

Roger L. Putnam, Jr.
Chairman of the Board and Chief Executive Officer, Package Machinery Company (packaging machinery)
Director since 1966

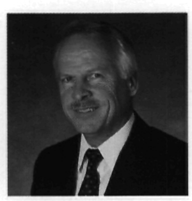
Robert C. Sherburne
Private Investor
Director since 1975

CORPORATE OFFICERS

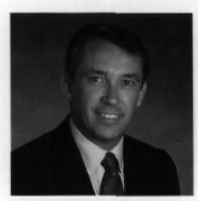


Wilford D. Godbold, Jr.
President and Chief Executive Officer

George A. Daniels
Vice President, Chief Financial Officer and Secretary



James F. Hermanson
Vice President



Ronald L. Hess
Vice President

Zero Corporation

Corporate Offices
444 S. Flower Street
Suite 2100
Los Angeles, CA 90071-2922
Telephone 213 629-7000
Facsimile 213 629-2366

Divisions and Subsidiaries

Air Cargo Equipment Corporation
2930 East Maria Street
Rancho Dominguez, California 90221
A.E. Williams, President

McLean Engineering
70 Washington Road
Princeton Junction, New Jersey 08550
Louis G. Shew, President

McLean Midwest
4000 83rd Avenue North
Brooklyn Park, Minnesota 55443
John G. Mogler, President

Nielsen Hardware Company
770 Wethersfield Avenue
Hartford, Connecticut 06101
Louis G. Shew, President

Samuel Groves & Co., Ltd,
Norton Street
Hockley, Birmingham B18 5RQ, England,
Antony Joynson, Managing Director

Scanbe/Electronic Solutions
6790 Flanders Drive
San Diego, California 92121
Rod Bolton, President

Zero Cabinets
12224 Montague Street
Pacoima, California 91331
Jack Frickel, General Manager

Zero East
288 Main Street
Monson, Massachusetts 01057
Louis G. Shew, President

Zero Enclosures
200 North 500 West
North Salt Lake, Utah 84054
Jay R. Manwaring, President

Common Stock Transfer Agent and Registrar

Bank of America NT & SA
701 South Western Avenue
Glendale, California 91201

Legal Counsel

Gibson, Dunn & Crutcher
General Counsel

Independent Auditors

Deloitte & Touche
Certified Public Accountants

Market and Dividend Information

The Company's common stock is traded on the New York Stock Exchange and the Pacific Stock Exchange under the ticker symbol ZRO. The trading range and dividends paid by quarters for the two years ended March 31, 1992 are as follows:

Quarter Ended	High	Low	Dividends Paid
1992			
March 31, 1992	$13.75	$11.13	$.10
December 31,1991	14.50	10.00	.10
September 31,1991	15.13	13.25	.10
June 30, 1991	15.13	12.88	.10
1991			
March 31, 1991	$14.00	$10.88	$.10
December 31,1990	11.88	9.88	.10
September 31,1990	15.00	10.13	.10
June 30, 1990	15.50	12.88	.10

Annual Meeting of Stockholders

Wednesday, July 22, 1992 at 2:00 p.m. at Security Pacific National Bank Building Auditorium, Concourse Level, 333 South Hope Street, Los Angeles, California. Notice of the meeting and proxy material will be sent to stockholders in June 1992.

Form 10-K

A copy of Zero's report on Form 10-K filed with the Securities and Exchange Commission (excluding exhibits) will be furnished without charge to stockholders of record upon written request to the Corporate Secretary, Zero Corporation, 444 S. Flower Street, Suite 2100, Los Angeles, CA 90071-2922.

ZERO
CORPORATION

Corporate Offices
444 South Flower Street
Suite 2100
Los Angeles, CA 90071-2922
Telephone 213 629 7000

ZERO

CORPORATION

1

FIRST QUARTER REPORT

three months ended
June 30, 1992
and
Report of the
Stockholders' Meeting

TO OUR STOCKHOLDERS

Zero Corporation completed its first quarter with sales of $39,870,000 for the three months ended June 30, 1992, compared to $42,863,000 for the prior year. Net income and net income per share were $2,864,000 ($.18 per share) compared to $2,847,000 ($.18 per share) in the prior year, respectively. Although the first quarter reflected the continuing recession, we are pleased that various cost reduction programs and changes in product mix have produced improved margins and slightly higher net income.

Our financial position remains strong and liquid. Our current ratio is 3.8-to-1, and cash and short-term marketable securities of $23 million are available for internal investment and acquisitions of both related product lines and niche companies. Stockholders' equity has grown to $124.9 million, and long-term debt has been reduced to less than one million dollars.

On July 22, the Board authorized a quarterly cash dividend of $.10 per share to be distributed on September 9, 1992, to stockholders of record on August 7, 1992.

In this uncertain economic environment, we continue to focus on operational basics. We remain committed to our cost reduction programs and continue to seek opportunities that will increase our penetration of the markets we serve. With the successful completion of our relocation programs last year, we are strategically positioned to benefit from any improvements in our markets.

Respectfully submitted,

John B. Gilbert
Chairman of the Board

Wilford D. Godbold, Jr.
President and
Chief Executive Officer

July 24, 1992

ZERO CORPORATION AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED OPERATIONS

	Three Months Ended June 30, 1992	1991
Net Sales	$ 39,870,000	$ 42,863,000
Interest Income	154,000	337,000
Other Income	176,000	221,000
Total	40,200,000	43,421,000
Costs and Expenses		
Cost of Sales	25,319,000	27,890,000
Selling and Administrative Expenses	8,798,000	9,425,000
Depreciation and Amortization	1,161,000	1,156,000
Interest Expense	190,000	203,000
Total	35,468,000	38,674,000
Income Before Income Taxes	4,732,000	4,747,000
Income Taxes	1,868,000	1,900,000
Net Income	$ 2,864,000	$ 2,847,000
Primary Earnings Per Share	$ 0.18	$ 0.18
Dividends Declared Per Share	$ 0.10	$ 0.10
Average Number of Shares Outstanding	15,728,000	15,714,000

STATEMENTS OF FINANCIAL POSITION

	June 30, 1992	March 31, 1992
ASSETS		
Current Assets	$ 79,326,000	$ 76,179,000
Property, Plant and Equipment, Net	29,200,000	29,313,000
Other Assets	44,555,000	44,987,000
Total	$ 153,081,000	$ 150,479,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities	$ 21,079,000	$ 19,956,000
Non-Current Liabilities	6,130,000	6,286,000
Long-Term Debt	924,000	1,172,000
Stockholders' Equity	124,948,000	123,065,000
Total	$ 153,081,000	$ 150,479,000
Current Ratio	3.8	3.8
Working Capital	$ 58,247,000	$ 56,223,000
Stockholders' Equity Per Share	$ 7.95	$ 7.83

These statements of consolidated operations for the three months ended June 30, 1992 and 1991, and financial position as of June 30, 1992 have been prepared by the Company without verification by independent auditors. In the opinion of management, these statements reflect all adjustments which are necessary to present fairly the results for the periods.

ANNUAL STOCKHOLDERS' MEETING

Zero Corporation held its 42nd annual stockholders' meeting at the Security Pacific National Bank Building Auditorium in Los Angeles, California, on July 22, 1992. Represented at the meeting in person or by proxy, were holders of 8,955,814 shares of stock, constituting a quorum.

Mr. Gilbert conducted the formal portion of the meeting. Over 99 percent of the shares represented at the meeting elected Whitney A. McFarlin, Bernard B. Heiler and Bruce J. DeBever as directors of Zero Corporation to hold office until the 1995 annual meeting of stockholders.

SUMMARY OF MR. GODBOLD'S REMARKS

After acknowledging Zero Corporation's 40th birthday, Mr. Godbold reviewed the Company's results for fiscal 1992 and the first quarter of fiscal 1993. He stated that the Company's financial position remains strong, that sales for the first fiscal quarter were $39,870,000, that net income was $2,864,000, and that earnings per share were $.18.

In addition, he announced that at the board of directors meeting, held before the stockholders' meeting, the board declared a quarterly cash dividend of $.10 per share to be distributed on September 9, 1992, to stockholders of record August 7, 1992.

SUCCESSFUL RELOCATIONS AND A NEW STORE

Mr. Godbold discussed the successful relocation of several of Zero's business units, including Zero Enclosures' move to Utah, Zero Cabinets' move to Pacoima and Air Cargo Equipment's consolidation of four facilities into two. A special slide presentation documenting Zero Enclosures' move from start to finish was presented to stockholders by Taud Olsen, Zero Enclosures' manager of human relations; Mr. Godbold's presentation also included slides of the new Zero Cabinets facility.

Additionally, Mr. Godbold showed slides of Zero Halliburton's new retail test store, located at the Westside Pavilion in West Los Angeles, California. The elegant store, which opened May 25, 1992, is Zero's first company-owned retail store and is solely dedicated to merchandising Zero Halliburton cases. Mr. Godbold indicated that the store will act as a source for gathering marketing information with respect to Zero Halliburton products, as well as selling Zero Halliburton luggage, attaches, cases and women's deep drawn purses.

FUTURE FOCUS

Following a comprehensive presentation of Zero's financial results, Mr. Godbold discussed Zero's strategy in the current economic climate. He stated that Zero would continue to focus on cost containment, "right sizing" and increasing market share. Mr. Godbold also said that the Company continues to actively search for new acquisitions. He also discussed the California business climate, and asked California stockholders to become informed and write to their legislators regarding the issues that are causing businesses to relocate from California.

CLOSING REMARKS

After completing his slide presentation, Mr. Godbold stated that through the successful relocation programs undertaken last year, the Company is strategically positioned to benefit from any improvements in its markets.

Mr. Godbold closed his presentation by expressing gratitude to Zero's employees for their performance during the difficult economic period and to the board of directors for their wisdom and insight. Last but not least, he thanked the stockholders for their continued interest and support in Zero Corporation.

The meeting was adjourned.

DIRECTORS

Bruce J. DeBever, *President, Decor Concepts Inc.*
Clinton G. Gerlach, *Chairman, President and CEO, Calnetics Corporation*
John B. Gilbert, *Chairman of the Board, Chairman and CEO, TOLD Corporation*
Wilford D. Godbold, Jr., *President and Chief Executive Officer*
Bernard B. Heiler, *President, GTEL, and Area Vice President-Sales, GTE West Area*
Howard W. Hill, *Vice Chairman of the Board*
Whitney A. McFarlin, *President and CEO, Clarus Medical Systems, Inc.*
Roger L. Putnam, Jr., *Chairman and CEO, Package Machinery Company*

OFFICERS

John B. Gilbert, *Chairman of the Board*
Howard W. Hill, *Vice Chairman*
Wilford D. Godbold, Jr., *President and Chief Executive Officer*
George A. Daniels, *Vice President, Chief Financial Officer and Secretary*
James F. Hermanson, *Vice President*
Ronald L. Hess, *Vice President*

DIVISIONS AND SUBSIDIARIES

AIR CARGO EQUIPMENT CORPORATION
Rancho Dominguez, California
Earl Williams, *President*

ANVIL CASES, INC.
City of Industry, California
William C. Waskey, *General Manager*

McLEAN ENGINEERING
Princeton Junction, New Jersey
Louis G. Shew, *President*

McLEAN MIDWEST CORPORATION
Brooklyn Park, Minnesota
John G. Mogler, *President*

NIELSEN HARDWARE COMPANY
Hartford, Connecticut
Louis G. Shew, *President*

SAMUEL GROVES & CO., LTD.
Birmingham, England
Antony Joynson, *Managing Director*

SCANBE/ELECTRONIC SOLUTIONS
San Diego, California
Rod Bolton, *President*

ZERO CABINETS
Pacoima, California
Jack Frickel, *General Manager*

ZERO EAST
Monson, Massachusetts
Louis G. Shew, *President*

ZERO ENCLOSURES
North Salt Lake, Utah
Jay R. Manwaring, *President*

ZERO CORPORATION

444 S. Flower St., Suite 2100
Los Angeles, California 90071
(213) 629-7000

2166-04059

EXHIBIT B

CANOGA ELECTRONICS CORPORATION

BY-LAWS

ARTICLE I

Stockholders

Section 1. Place of holding Annual Meetings

Annual meetings of the stockholders shall be held in the County of Los Angeles, State of California, or at such other place or places, during the month of February or March* of each year on such dates as the Directors shall from time to time determine by resolution.

* Amended 12/19/68

Section 2. Annual Election of Directors

At each annual meeting, the stockholders entitled to vote shall elect a Board of Directors, and they may transact such other corporation business as shall be stated in the notice of the meeting and such notice thereof shall specify a record date and shall be given to each stockholder entitled to vote, in person or by letter mailed to his last-known post office address at least ten (10) days before the date of such annual meeting.

Section 3. Voting

(a) Each stockholder of record on the record date fixed in accordance with Article VI, Section 4 of these by-laws, and entitled to vote in accordance with the terms of the Articles of Incorporation shall be entitled to vote in accordance with the provisions of these by-laws in person or by proxy, provided that no proxy shall be voted after six (6) months from its date unless such proxy provides for a longer period, and no proxy shall be effective for a period in excess of seven (7) years from the date of its execution.

The vote for Directors, in the event of a contest for any office, and, upon the demand of any stockholder, the vote upon any question before the meeting shall be by ballot. All questions other than the elections of directors (for which cumulative voting shall be used as provided in the Articles) shall be decided by plurality vote except as otherwise required by the laws of the State of Nevada.

(b) The Secretary shall prepare, or cause to be prepared a complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the residence of each, and the number of voting shares held by each and such list filed in the office of the corporation at Chatsworth, California at least ten (10) days before every election, and shall at all times during the usual hours for business, and during the whole time of said election, be open to examination by any stockholder.

Section 4. Quorum

Except as provided in the next section hereof, any number of stockholders together holding a majority of the stock issued and outstanding and entitled to vote thereat, who shall be present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of business.

Section 5. Adjournment of Meetings

If a quorum of the stockholders is not present, in person or by proxy, at any annual or special meeting of the stockholders called and noticed in accordance with these by-laws, then after the expiration of thirty minutes from the time fixed for such meeting, the meeting may be adjourned by the vote of the holders of a majority of the shares present, in person or by proxy, at such meeting to a date not less than three days nor more than thirty days from the date of such regular or special meeting. Notice of the adjourned meeting, complying with the provisions of Section 7 (b) of this Article, shall be sent to the stockholders entitled to vote at the adjourned meeting. Any number of the stockholders of the corporation present at the adjourned meeting, in person or by proxy, shall constitute a quorum for the transaction of business at such meeting, provided that if less than fifty (50) per cent of the outstanding shares of the corporation are present at said adjourned meeting, no business shall be transacted until after the expiration of thirty minutes from the time fixed for said adjourned meeting.

Section 6. Special Meetings; How Called.

Special meetings of the stockholders for any purpose or purposes may be called by the President or Secretary, and shall be called upon a request in writing therefor, stating the purpose or purposes thereof, delivered to the President or Secretary, signed by a majority of the directors or by shareholders holding, of record, fifty-one (51) percent of the common stock, or by resolution of the directors.

Section 7. Notice of Stockholders' Meetings.

(a) Notice of annual and special meetings of the stockholders shall be in writing. Such notice shall state by what authority is called, and shall state the purpose or purposes for which the meeting is called and the time when, and the place where it is to be held. A copy of such notice shall be either delivered personally to, or shall be mailed, postage prepaid, to each stockholder of record as of the record date entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before such meeting. If mailed, it shall be directed to a stockholder at his address as it appears upon the records of the corporation, and upon such mailing of such notice, the service thereof shall be complete, at the time of the notice shall begin to run from the date upon which such notice is deposited in the mail for transmission to said stockholder. Personal delivery of any such notice to any officer of any corporation, or association, or to any member of a partnership, shall constitute delivery of such notice to such corporation, association or partnership.

(b) Notice of adjourned meetings of the stockholders, called in accordance with Section 5 of Article I of these by-laws, shall be sent in the same manner as the original notice as promptly as possible after the adjourned meeting is called but in no event less than ten days (10) prior to the convening of the adjourned meeting. The notice shall state that the regular or special meeting previously called was not held because of the lack of a quorum and that under the provisions of Section 5 of Article I of the by-laws any stockholder or stockholders present in person or by proxy will constitute a quorum for the purpose of transacting business

Directors

(1) Section 1. Number, Term, Quorum

The number of Directors shall be six, (2), (3), (4), (5), unless hereafter increased or decreased by amendment of these by-laws. The Directors shall be elected at the annual meeting of the stockholders, and each Director shall be elected to serve until his successor shall be elected and shall qualify, provided that, in the event of failure to hold such meeting or to hold such election at such meeting, it may be held at any special meeting of the stockholders called for that purpose, Directors need not be stockholders.

A majority of the Directors duly qualified and serving shall constitute a quorum for the transaction of business. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at said meeting which shall be so adjourned.

(1) Amended 7/30/69
(2) Amended 5/20/71
(3) Amended 11/30/71
(4) Amended 8/24/72
(5) Amended 12/14/72

Section 2. Election of Officers

The Directors shall elect a President, a Secretary and a Treasurer, and a Resident Agent. In addition the Directors may from time to time, elect a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers and such other officers as may be deemed necessary. The President shall be a Director and the Chairman of the Board shall be a Director, but other officers need not be Directors. All such officers shall hold office until their resignation or removal by the Board whether or not any successor shall then be elected and qualified.

Section 3. Regular Meetings

Regular meetings of the Board of Directors shall be held at such places and at such times as may be determined from time to time by resolution of the Board of Directors.

Section 4. Special Meetings; How Called; Notice

Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the President, or if he is absent or unable, or refuses to act, by any Vice President, Secretary or Assistant-Secretary, or by any two (2) Directors.

written notice of the time and place of special meetings shall be delivered personally to each Director, or sent to each Director by mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the corporation, or if it is not so shown on such records or is not readily ascertainable, at the place in which the meeting of the Directors are regularly held. In case this notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company at least 72 hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such Director. Any action by the Board of Directors may be taken without a meeting, if all the members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 5. Place of Special Meetings

The Directors may hold special meetings at any place as they may from time to time by resolution determine.

Section 6. General Powers of Directors

The Board of Directors shall have the management of the business of the corporation, and, subject to the restrictions imposed by law, by the Articles of Incorporation, or by these by-laws, may exercise all the powers of the corporation.

Section 7. Specific Powers of Directors

Without prejudice to such general powers, it is hereby expressly declared that the Directors shall have the following powers, to wit;

(1) To adopt and alter a common seal of the corporation

(2) To make and change regulations, not inconsistent with these by-laws, for the management of the corporation's business and affairs.

(3) To purchase or otherwise acquire for the corporation any property, rights or privileges which the corporation is authorized to acquire.

(4) To pay for any property purchased for the corporation either wholly or partly in money, stock, bonds, debentures or other securities of the corporation.

(5) To borrow money and to make and issue notes, bonds and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements, and to do every act and thing necessary to effectuate the same.

(6) To remove any officer, with or without cause, and in discretion, from time to time, to devolve the powers and duties of any officer upon any other person for the time being.

(7) To appoint and remove or suspend such subordinate officers, agents, or factors as they may deem necessary, and to determine their duties, and fix from time to time change in their salaries or remuneration, and to require security as and when they think fit.

(8) To confer upon any officer of the corporation the power to appoint, remove and suspend subordinate officers, agents and factors.

(9) To determine who shall be authorized, on the corporation's behalf, to make and sign bills, notes, acceptances, endorsements, checks, releases, receipts, contracts and other instruments.

(10) To determine who shall be entitled to vote in the name and behalf of the corporation upon, or to assign and transfer any shares of stock, bonds or other securities of other corporations held by this corporation.

(11) To delegate any of the powers of the Board, in relation to the ordinary business of the corporation, to any standing or special committee, or to any officer or agent (with power to sub-delegate), upon such terms as they think fit.

(12) To call special meetings of the stockholders for any purpose or purposes.

Section 8. Compensation of Directors

Directors shall not receive any stated salary for their services as Directors, but, by resolution of the Board, a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

ARTICLE III

Committees

Section 1. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more Directors of the corporation, which to the extent provided in said resolution or resolutions or in these by-laws, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in these by-laws or as may be determined from time to time by resolution adopted by the Board of Directors.

Section 2. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

ARTICLE IV

Duties of Officers

Section 1. Chairman of the Board of Directors

The Chairman of the Board of Directors shall, when present, preside at all meetings of the Directors, and exercise and perform such other powers and duties as may, from time to time, be assigned to him by the Board of Directors, or prescribed by the by-laws.

Section 2. President

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be any such officer, the President shall be the chief executive of the corporation, and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the shareholders, and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the office of President of a corporation including but not limited to the authority to execute any contract, agreement, note or other document or matter on behalf of the corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the by-laws.

Section 3. Vice-President

Each Vice-President shall have such powers and shall perform such duties as shall be assigned to him by the Directors.

Section 4. Secretary

The Secretary shall give or cause to be given notices of all meetings of stockholders and Directors, and all other notices required by law or by these by-laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the President, or by the Directors or stockholders, upon whose written request the meeting is called, as provided in these by-laws. He shall record all the proceedings of the meetings of the corporation and of the Directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the Directors or the President. He shall have custody of the seal of the corporation, and shall affix the same to all instruments requiring it, when authorized by the Directors or the President, and attest the same.

Section 5. Treasurer

The Treasurer shall have the custody of all funds, securities, evidences of indebtedness, and other valuable documents of the corporation; he shall receive and give, or cause to be given, receipts and acquittances for moneys paid in on account of the corporation, and shall pay out of the funds on hand all just debts of the corporation, of whatever nature, upon maturity of the same; he shall enter or cause to be entered in books of the corporation to be kept for that purpose full and accurate accounts of all moneys received and paid out on account of the corporation, and whenever required by the President or the Directors, he shall render a statement of his cash accounts; he shall keep, or cause to be kept, such other books as will show a true record of the expenses, losses, gains, assets, and liabilities of the corporation; he shall, unless otherwise determined by the Directors, have charge of the original stock books, transfer books, and stock ledgers, and act as transfer agent in respect to the stock and securities of the corporation; and he shall perform all of the other duties incident to the office of the Treasurer. He shall, if the Board so requires, give the corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board shall prescribe.

ARTICLE V

Resignations; Filling of Vacancies; Increase in Number of Directors

Section 1. Resignations

Any Director, member of a committee, or other officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and, if no time be specified, at the time of its receipt by the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Section 2. Filling of Vacancies

If the office of any Director, member of a committee or other officer becomes vacant, the remaining Directors in office, though less than a quorum, may appoint, by a majority vote, any qualified person to fill such vacancy, who shall hold office for the unexpired term or until his successor shall be duly chosen.

Section 3. Increase in Number of Directors

The number of Directors may be increased at any time by amendment to these by-laws or the additional Directors shall be chosen by a majority of the Board members holding office at the time of such amendment, to hold office until the next annual election or until their successors are elected and qualify.

Capital Stock

Section 1. Certificates of Stock

Certificates of stock, numbered and with the seal of the corporation affixed, signed by the President or a Vice-President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, shall be issued to each stockholder, certifying to the number of shares owned by him in the corporation. When such certificates are signed by a transfer agent or assistant transfer agent or by a transfer clerk acting on behalf of the corporation and a registrar, the signatures of such officer may be facsimiles.

Section 2. Lost Certificates

A new certificate of stock may be issued in place of any certificates theretofore issued by the corporation, alleged to have been lost or destroyed, and the Directors or such persons as they may designate may request the owner of the lost or destroyed certificate, or his legal representative, to give the corporation a bond in a sum not exceeding double the value of the stock, to indemnify the corporation against any claim that may be made against it on account of the alleged loss of any such certificates, or the reissue of the replacement.

Section 3. Transfer of Shares

The shares of stock of the corporation shall be transferable upon its books only by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer, the old certificates shall be surrendered to the corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to any such other person as the Directors may designate by whom they shall be cancelled, and new certificates shall thereupon be issued.

Section 4. Record Date

The Board of Directors may fix in advance a date not exceeding sixty (60) days preceding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to vote, receive payment of any such dividends, or to any such allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of capital stock, and, in such cases, such stockholders only as shall be stockholders of record on the date so fixed shall be entitled to such notice of and to vote at such meeting, or to receive payment of such dividends or to receive such allotment of rights or to exercise such rights as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

Section 5. Dividends

Subject to the provisions of the Articles of Incorporation, if any, the Directors may declare dividends upon the capital stock of the corporation as when they deem expedient. Before declaring any such dividend, there may be set apart, out of any funds of the corporation available for dividends, such sums as the Directors from time to time, in their discretion, think proper for working capital, or as a reserve fund to meet contingencies. or for equalizing dividends, or for such other purposes as the Directors from time to time shall think conducive to the interests of the corporation.

ARTICLE VII

Indemnification of Directors, Officers and Employees

The corporation shall indemnify each of its directors, officers and employees, and each of its directors, officers and employees, who acts at the request of the corporation as a director, officer or employee of another company controlled by the corporation and from which he is not entitled to be indemnified against all reasonable costs, expenses and amounts or liability therefor, actually and necessarily incurred by, or imposed upon him in connection with, or resulting from any criminal or civil action, suit, proceeding or claim (whether or not the corporation is joined as a party defendant), to which he may be made, or is made a party, or in which he may be, or is involved, by reason of his acts of omission or commission, or alleged or threatened acts of omission or commission, in his capacity as such director, officer or employee, whether or not he continues to be a director, officer or employee at the time of incurring such costs, expenses and amounts. As used herein, such costs, expenses and amounts shall include without limitation attorneys' fees and expenses, and amounts of judgments or fines, costs or amounts paid in settlements by, such director, officer, or employee, but shall not include costs, expenses and amounts incurred in connection with any matters (a) as to which such director, officer or employee shall be adjudged in such action, suit or proceeding, without the judgment being reversed, to be liable or guilty by reason of his negligence or wilful misconduct in the performance of his duties as a director, officer or employee, or (b) which shall have been the subject of such action, suit or proceeding disposed of otherwise than by adjudication on the merits, unless, in relation to such matters, the Board of Directors of the corporation shall, in its discretion, deem such disposition reasonable and in the best interests of the corporation, and the matters not to involve actual negligence or wilful misconduct in the performance of his duties as a director, officer or employee. This right to indemnification shall apply whether or not the action or omission to act on the part of such director, officer or employee, which is the basis of such suit, action, proceeding or claim, occurred before or after the adoption of this bylaw provision, and shall apply to the estate, executor, administrator, heirs, legatees, or devisees of a director, officer or employee. The foregoing right to indemnification shall be in addition to and not exclusive of any and all other rights as to which such director, officer or employee may be entitled by law, agreement, vote of the stockholders or otherwise.

ARTICLE VIII

Miscellaneous Provisions

Section 1. Corporate Seal

The corporate seal shall be circular in form and shall contain the name of the corporation, the year of its creation, and the word "NEVADA". Said seal may be used by causing it or a facsimile thereof to be impressed, or affixed, or reproduced, or otherwise.

Section 2. Fiscal Year Period

The fiscal year of the corporation shall end as of the close of business on the 31st day of October.

Section 3. Principal Office

The principal office of the corporation shall be established and maintained at such place within the State of Nevada as the Board of Directors shall, from time to time, determine.

Section 4. Checks, Drafts, Notes

All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 5. The corporation shall keep at its principal office in the State of Nevada a certified copy of its Articles of Incorporation or Certificate of Incorporation, and a certified copy of its bylaws, and all amendments thereto, and shall also keep and maintain a stock ledger or a duplicate stock ledger, revised annually, containing the names, alphabetically arranged, of all persons who are stockholders of the corporation, showing their place of residence, if known, and the number of shares of stock held by them, respectively. Such stock ledger, or duplicate thereof, shall be open daily, except Sunday and holidays, during at least two (2) business hours, for inspection by any judgment creditor of the corporation, or by any stockholder of the corporation, and persons who are so entitled to inspect such stock ledger, or the duplicate thereof, may make extracts therefrom. The corporation may, however, keep in the principal office in the State of Nevada, in lieu of said stock ledger or duplicate thereof, a statement setting forth the name of the custodian of such stock ledger, or duplicate stock ledger, as specified above, and the present and complete post office address, including street and number, if any, where such stock ledger or duplicate thereof is kept.

Section 6. Notice and Waiver of Notice

Whenever any notice is required by these bylaws to be given, personal notice is not meant unless expressly so stated; and any notice so required shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper, addressed to the person entitled to receive notice of any meeting, except as otherwise provided by statute.

Section 7. Annual Report

The Board of Directors of the corporation shall cause an annual report to be sent to the shareholders not later than 120 days after the close of the fiscal or calendar year. Said annual report shall contain the information and be in the form provided by Sections 3007 to 3010 of the California Corporations Code.

ARTICLE IX

Amendments

Section 1. Amendments of Bylaws

These bylaws may be amended at a duly called stockholders' meeting, or by written consent without a meeting, by the affirmative vote or consent, of the holders of a majority of the shares of any class entitled to vote at a meeting then issued and outstanding, or by the Directors by the affirmative vote of the majority of the Directors, provided, that the stockholders entitled to vote, with respect to the bylaws, may alter, amend or repeal any bylaws made or adopted by the Board of Directors.

OF

ARTICLES OF INCORPORATION

OF

CANOGA ELECTRONICS CORPORATION

INDEXED

4 pages

FILED AT THE REQUEST OF

ALAN S. KALKIN
General Counsel
Canoga Electronics Corporation
1901 Avenue of the Stars, Suite 1775
Century City
Los Angeles, Calif.

April 3, 1969
(DATE)

John Koontz

JOHN KOONTZ, SECRETARY OF STATE

(BY) DEPUTY SECRETARY OF STATE

No. 1180-60

FILING FEE $ 20.00

RESTATED ARTICLES OF INCORPORATION

OF

CANOGA ELECTRONICS CORPORATION

HOLLEY B. DICKINSON, President, and HARLAN W. SNYDER, Assistant Secretary, of CANOGA ELECTRONICS CORPORATION, a Nevada Corporation, certify as follows:

1) That at the Annual Meeting of Stockholders of this corporation, held pursuant to notice duly given on February 10, 1969, at 2025 Avenue of the Stars (Century City) Los Angeles, California, on March 27, 1969, at the hour of 2:00 o'clock P.M., at which meeting a quorum was at all times present and acting, the following resolution was adopted:

> WHEREAS, it is deemed desirable and in the best interest of the corporation and its stockholders to amend the Articles of Incorporation of this corporation so as to change the name of the corporation;
>
> NOW, THEREFORE, BE IT RESOLVED: That Article FIRST of the corporation's Restated Articles of Incorporation be, and it hereby is, amended to read as follows:
>
> "FIRST: That the name of this corporation shall be CANOGA INDUSTRIES."
>
> FURTHER RESOLVED: That the President and Chairman of the Board of Directors, or a Vice President and Secretary, or an Assistant Secretary, of this corporation be, and they hereby are, authorized and directed to prepare and file on behalf of this corporation a Certificate of Amendment in the appropriate form with the Secretary of State of the State of Nevada.

2) That at a meeting of the Board of Directors of CANOGA ELECTRONICS CORPORATION, held pursuant to a Waiver of Notice duly executed by all Directors on March 27, 1969, at the offices of this

corporation at 1901 Avenue of the Stars (Century City), Los Angeles, California, at which a quorum was at all times present and acting, the following resolution was unanimously adopted:

WHEREAS, it has been deemed advisable and in the best interest of the corporation and its stockholders to amend the Articles of Incorporation of this corporation so as to change the name of this corporation; and

WHEREAS, the shareholders of this corporation have adopted a resolution setting forth a direction to change the name of this corporation from CANOGA ELECTRONICS CORPORATION to CANOGA INDUSTRIES;

NOW, THEREFORE, be it resolved that the President or Vice President and the Secretary or an Assistant Secretary of this corporation be and they hereby are, authorized and directed to carry out the resolution passed by a majority of the outstanding shares eligible to vote of this corporation, in the appropriate form, a Certificate of Amendment changing the name of this corporation as aforesaid.

3) That at the meeting of stockholders of this corporation the vote for the aforesaid amendment was adopted as follows:

For:	757,358
Against:	1,454

IN WITNESS WHEREOF, we have set our hands and seals this third day of April, 1969.

Holley B. Dickinson

Holley B. Dickinson, President

Harlan W. Snyder

Harlan W. Snyder, Assistant Secretary

(SEAL)

State of California)
) SS:
County of Los Angeles)

BE IT REMEMBERED, that on this third day of April, 1969, before me, a Notary Public, personally appeared Holley B. Dickinson and Harlan W. Snyder, known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

OFFICIAL SEAL
ALAN S. KALKIN
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires August 25, 1972

Alan S. Kalkin

Alan S. Kalkin, Notary Public

FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

APR 3 1969

JOHN KOONTZ - SECRETARY OF STATE

John Koontz

No. 1180-60

RESTATED

ARTICLES OF INCORPORATION

OF

CANOGA ELECTRONICS CORPORATION

INDEXED

FILED AT THE REQUEST OF

A. S. KALKIN, General Counsel
CANOGA ELECTRONICS CORPORATION
8966 Comanche Avenue

Chatsworth, California 91311

4 pgs

June 3, 1968
(DATE)

John Koontz

JOHN KOONTZ, SECRETARY OF STATE

(BY) DEPUTY SECRETARY OF STATE

No. 1180-60

FILING FEE $ 2175.00

324

CERTIFICATE OF AMENDMENT OF
RESTATED ARTICLES OF INCORPORATION

OF

CANOGA ELECTRONICS CORPORATION

Eugene W. Foote, Executive Vice President of the said corporation, and Harlan W. Snyder, Secretary-Treasurer of the corporation, certify as follows:

That at a meeting of the shareholders of Canoga Electronics Corporation, held pursuant to notice duly given on Monday, April 29, 1968, at 8966 Comanche Avenue, Chatsworth, California, at the hour of 2:00 p.m., at which meeting a quorum was at all times present and acting, the following resolution of the shareholders was approved:

RESOLVED, that Article FOURTH of the Restated Articles of Incorporation of this corporation as amended by Certificate of Amendment on file and of record in the State of Nevada on the 26th day of December, 1967, be further amended to read in full as follows:

"FOURTH: (a) This Corporation is authorized to issue two classes of shares, to be designated respectively as "Common Stock" and "Preferred Stock"; the total number of shares which this Corporation shall have authority to issue is 3,000,000; the number of shares of Common Stock that are to be without par value shall be 2,500,000; and the number of shares of Preferred Stock shall be 500,000 and the par value of each of such shares shall be $1.00. Except as otherwise provided in this Article FOURTH, said shares may be issued by this Corporation for such consideration as shall from time to time be determined by the Board of Directors.

(b) Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any wholly unissued series of shares of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or all or any of them; and to increase or decrease the number such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series."

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 30th day of April, 1968.

Eugene W. Foote

Eugene W. Foote, Executive Vice President

Harlan W. Snyder

Harlan W. Snyder, Secretary-Treasurer

of CANOGA ELECTRONICS CORPORATION,
a Nevada corporation

COUNTY OF LOS ANGELES

On this 3rd day of April, 1968, personally appeared before me, the undersigned, a Notary Public in and for the county and state aforesaid, EUGENE W. FOOTE and HARLAN W. SNYDER, known to me to be, respectively, the Executive Vice President and the Secretary-Treasurer of CANOGA ELECTRONICS CORPORATION, a corporation organized and existing under the laws of the State of Nevada, who executed the foregoing instrument on behalf of said corporation, and upon oath, did depose and say that the said Eugene W. Foote is the Executive Vice President, and that he, the said Harlan W. Snyder, is the Secretary-Treasurer of said corporation; that they are acquainted with the seal of said corporation; that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the use and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of Los Angeles, State of California, the day and year in this certificate first above written.

OFFICIAL SEAL
LEE B. RHINE
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

Lee B Rhine

Notary Public in and for said County and State

LEE B. RHINE

My Commission Expires Jan. 12, 1969

(Seal)

CERTIFICATE OF AMENDMENT

ARTICLES OF INCORPORATION

OF

CANOGA ELECTRONICS CORPORATION

FILED AT THE REQUEST OF

Canoga Electronics Corporation 1 page

8966 Commanche Ave.

Chatsworth, California 91311

December 26, 1967
(DATE)

John Koontz

JOHN KOONTZ, SECRETARY OF STATE

(BY) DEPUTY SECRETARY OF STATE

No. 1180-60

FILING FEE $ 20.00

CERTIFICATE OF AMENDMENT OF
RESTATED ARTICLES OF INCORPORATION
OF
CANOGA ELECTRONICS CORPORATION

Holley B. Dickinson, President of the said corporation, and Theodore A. McCabe, Secretary of the corporation, certify as follows:

1. That at a meeting of the Board of Directors of Canoga Electronics Corporation, held pursuant to notice duly given on December 8, 1967 at 110 "C" Street, San Diego, California at the hour of 11:00 A.M., at which meeting a quorum was at all times present and acting, the following resolution was approved:

RESOLVED that Article FOURTH of the Restated Articles of Incorporation of this corporation be amended to read as follows:

"FOURTH: (a) This corporation is authorized to issue two classes of shares, to be designated respectively as "Common" and "Preferred"; the total number of shares which this corporation shall have authority to issue is 1,005,294; the number of Common shares that are to be without par value shall be 1,000,000; and the number of Preferred shares shall be 5,294, and the par value of each share of such class shall be $100. Except as otherwise provided in this Article FOURTH, said shares may be issued by this Corporation for such consideration as shall from time to time be determined by the Board of Directors.

(b) A statement of the rights, preferences, privileges and restrictions granted to or imposed upon the respective classes of shares or the holders thereof is as follows:

(1) The holders of the outstanding Preferred shares shall be entitled to receive, out of any funds legally available therefor, dividends at the rate of 6% of the par value thereof per annum, payable in cash quarterly on the first d

of January, April, July, and October eacy year, when and as declared by the Board of Directors of this corporation. Such dividends shall accrue from the date of original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative so that if such dividends in respect to any previous quarterly dividend period at the rate of 6% per annum on the Preferred shall not have been paid on, or declared and set apart for, all Preferred shares at the time outstanding, the deficiency shall be fully paid on or declared or set apart for the Common shares.

(2) In the event of a voluntary or involuntary liquidation, dissolution or winding up of this corporation, the holders of Preferred shares shall be entitled to receive out of the assets of this corporation, whether such assets are capital or surplus or of any nature, an amount equal to one hundred per cent (100%) of the par value of such Preferred shares, and in addition to such amount, a further amount equal to the dividends unpaid and accumulated thereon, as provided in paragraph (b)(1) of this Article FOURTH, to the date that payment is made available to the holders of Preferred shares, whether earned or declared or not, and no more, before any payment shall be made or any assets distributed to the holders of Common shares.

If upon such liquidation, dissolution or winding up, whether voluntary or involuntary, the assets thus distributed among the holders of the Preferred shares shall be insufficient to permit the payment to such shareholders of the full preferential amounts aforesaid, then the entire assets of this corporation to be distributed shall be distributed rateably among the holders of Preferred shares.

In the event of any liquidation, dissolution or winding up of this corporation, whether voluntary or involuntary

... preferential rights of the holders of Preferred shares on distribution or otherwise, the holders of Common shares shall be entitled to receive, rateably, all remaining assets of this corporation.

A consolidation or merger of this corporation with or into any other corporation or corporations, or a sale of all or substantially all of the assets of the corporation, shall not be deemed to be a liquidation, dissolution, or winding up, within the measure of this paragraph.

(3) This corporation, at the option of the Board of Directors, may at any time from time to time, redeem the whole or any part of the outstanding Preferred shares by paying in cash therefor One Hundred Dollars ($100) per share, and in addition to the aforementioned amount, an amount in cash equal to all dividends on Preferred shares unpaid and accumulated as provided in paragraph (b)(1) of this Article FOURTH, whether earned or declared or not, to and including the date fixed for redemption, (such sum being hereinafter sometimes referred to as the "Redemption Price"). In case of the redemption of a part only of the outstanding Preferred shares, this corporation shall effect such redemption pro rata. Less than all of the Preferred shares at any time outstanding may not be redeemed until all dividends accrued and in arrears upon all Preferred shares outstanding shall have been paid for all past dividend periods, and until full dividends for the then current dividend period on all Preferred shares then outstanding, other than the shares to be redeemed, shall have paid or declared and the full amount thereof set apart for payment. At least thirty (30) days' previous notice by mail, postage prepaid, shall be given to the holders of record of the Preferred shares to be redeemed, such notice to be addressed to each such shareholder at his post office address as shown by the records of

this corporation.

On or after the date fixed for redemption and stated in such notice, each holder of Preferred shares called for redemption shall surrender his certificate evidencing such shares to this corporation at the place designated in such notice and shall thereupon be entitled to receive payment of the Redemption Price. In case less than all the shares represented by any such surrendered certificates are redeemed, a new certificate shall be issued representing the unredeemed shares. If such notice of redemption shall have been duly given, and if on the date fixed for redemption funds necessary for the redemption shall be available therefor, then, notwithstanding that the certificates evidencing any Preferred shares so called for redemption shall not have been surrendered, the dividends with respect to the shares so called for redemption shall cease to accrue after the date fixed for redemption and all rights with respect to the shares so called for redemption shall forthwith after such date cease and determine, except only the right of the holders to receive the Redemption Price, without interest, upon surrender of their certificates therefor.

If, on or prior to any date fixed for redemption of Preferred shares, this corporation deposits, with any bank or trust company in the County of Los Angeles, State of California, as a trust fund, a sum sufficient to redeem, on the date fixed for redemption thereof, the shares called for redemption, with irrevocable instructions and authority to the bank or trust company to give the notice of redemption thereof if such notice shall not previously have been given by this corporation, or to complete the giving of such notice if theretofore commenced, and to pay, on and after the date fixed for redemption or prior thereto, the Redemption Price holders upon the surrender of their share certificates, then and from and after the date of the deposit (although prior to the date fixed for redemption), the shares so called shall be deemed to be redeemed and dividends on those shares shall cease to accrue after the date fixed for redemption. The deposit shall be deemed to constitute full payment of the shares to their holders and from and after the date of the deposit the shares shall be deemed to be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares, and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the Redemption Price of the shares without interest, upon the surrender of their certificates therefor.

(4) The holders of the Common and Preferred shares shall have one vote for each share and each shareholder shall be entitled to notice of and to vote at any shareholders' meeting.

(5) If at any time eight (8) or more quarterly dividends (whether consecutive or not) on the Preferred shares shall be in default, in whole or in part, the holders of Preferred shares as a class shall be entitled to elect the smallest number of Directors which will constitute a majority of the authorized number of Directors, and the holders of Common shares as a class shall be entitled to elect the remaining members of the Board of Directors. At such time as all dividends accrued on the outstanding Preferred shares have been paid or declared and set apart for payment, the rights of the holders of Preferred shares to vote as provided in this paragraph (5) shall cease subject to renewal from time to time upon the same terms and conditions.

At any time after the voting power to elect a majority of the Board of Directors shall have become vested in the holders of the Preferred shares as provided in this paragraph (5), the Secretary of the corporation may, and upon the request of the record holders of at least ten per cent (10%) of the Preferred shares then outstanding addressed to him at the principal office of this corporation shall, call a special meeting of shareholders for the election of Directors, to be held at the place and upon the notice provided in the by-laws of the corporation for the holding of annual meetings. If such meeting shall not be so called within ten (10) days after personal service of the request, or within fifteen (15) days after mailing of the same by registered mail within the United States of America, then the record holders of at least ten per cent (10%) of the Preferred shares then outstanding may designate in writing one of their number to call such meeting, and the person so designated may call such meeting at the place and upon the notice above provided, and for that purpose shall have access to the stock books of the corporation. At any meeting so called or at any annual meeting held while the holders of the Preferred shares have the voting power to elect a majority of the Board of Directors, the holders of a majority of the then outstanding Preferred shares, present in person or by proxy, shall be sufficient to constitute a quorum for the election of directors as herein provided. The terms of office of all persons who are Directors of the corporation at the time of such meeting shall terminate upon the election at such meeting by the holders of the Preferred shares of the number of Directors they are entitled to elect, and the persons so elected as Directors by the holders of the Preferred shares, together with such persons, if any, as may be elected as Directors by the holders of the Common shares, shall constitute the duly elected Directors of this corporation. In the event the holders of the Common shares fail to elect ...

additional Directors may be appointed by the Directors elected by the holders of Preferred shares.

Whenever the holders of the Preferred shares shall be divested of such voting power as hereinabove in this paragraph (5) provided the term of office of all persons who are at the time Directors of the corporation shall terminate upon the election of their successors by all shareholders.

(6) So long as any of the Preferred shares shall be outstanding this corporation shall not without first obtaining the approval by vote or written consent, as provided by law, of the holders of at least two-thirds of the total number of Preferred shares outstanding.

(A) Alter to change the rights, preferences or privileges of the Preferred shares so as materially adversely to affect the Preferred shares; or

(B) Increase the authorized number of Preferred shares; or

(C) Create any new class of shares having preference over or on a parity with the Preferred shares as to dividends or assets, unless the purpose of creation of such class is, and the proceeds to be derived from the sale and issuance thereof are to be used for, the retirement of all Preferred shares then outstanding; or

(D) Issue any Common shares or reissue any Treasury shares; or

(E) Purchase any Common shares; or

(F) Merge or consolidate with any other corporation, except into or with a wholly-owned subsidiary corporation; or

(G) Sell, convey or otherwise dispose of all or substantially all of the property or business of this corporation; or

(h) incur, assume, or guarantee any indebtedness (other than such as may be represented by the obligation to pay rent under leases) maturing more than eighteen (18) months after the date on which it is incurred, assumed, or guaranteed by the corporation, except purchase money obligations, obligations assumed as part of the price of property purchased, or the extension, renewal or refunding of any thereof.

(7) At all elections of Directors of the corporation each stockholder entitled to vote upon such election shall be entitled to that number of votes as shall equal the number of votes which (except for such provision as to cumulative voting) he would be entitled to cast for the election of Directors multiplied by the number of Directors to be elected, and he may cast all of such votes for a single candidate for Director or may distribute them among any two or more of them, as he may see fit. This right, when exercised, shall be termed cumulative voting."

2. The effect of the said amendment is to eliminate the class of security entitled "Convertible Preferred". There were, on the date of the said resolution and at all times subsequent to July 1, 1965, no outstanding shares of convertible preferred of the said corporation.

3. There were, on the date of the said resolution, 537,186 shares of common stock outstanding, each entitled to one vote, and 5,294 shares of preferred stock, each entitled to one vote. Electronics Capital Corporation, holder of 318,305 shares of common stock, (being 59.3% of the shares of common stock outstanding, and 5,150 shares of the preferred, (being 97.3% of the preferred outstanding), consented in writing to the said amendment.

4. Neither the said resolution of the Board of Directors nor the said written consent of the majority shareholders of the said corporation has been withdrawn, rescinded, modified or amended in any respect to and including the date of this certificate.

IN WITNESS WHEREOF, the undersigned have executed this certificate this 21st day of December, 1967.

Holley B. Dickinson

Holley B. Dickinson, President

Theodore A. McCabe

Theodore A. McCabe, Secretary

of CANOGA ELECTRONICS CORPORATION,
a Nevada corporation

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On this ____ day of December, 1967, personally appeared before me, Margaret E. O'Dean, a notary public in and for the county and state aforesaid, HOLLEY B. DICKINSON, and THEODORE A. McCABE, known to me to be, respectively, the president and the secretary of Canoga Electronics Corporation, a corporation organized and existing under the laws of the State of Nevada, who executed the foregoing instrument on behalf of said corporation, and upon oath, did depose and say that the the said Holley B. Dickinson is the president, and that he, the said Theodore A. McCabe, is the secretary of said corporation; that they are acquainted with the seal of said corporation; that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the use and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of Los Angeles, State of California, the day and year in this certificate first above written.

OFFICIAL SEAL
MARGARET E. O'DEAN
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires Sept. 12, 1970

(Seal)

Margaret E. O'Dean
Notary Public in and for said
County and State

My Commission expires Sept. 12, 1970

RESTATED ARTICLES OF INCORPORATION

OF

CANOGA ELECTRONICS CORPORATION

INDEXED

FILED AT THE REQUEST OF

T. A. McCABE, JR.

8966 Comanche Avenue

Chatsworth, California

May 25, 1966
(DATE)

John Koontz

JOHN KOONTZ, SECRETARY OF STATE

(BY) DEPUTY SECRETARY OF STATE

No. 1180-60

FILING FEE $50.00

RESTATED ARTICLES OF INCORPORATION

OF

CANOGA ELECTRONICS CORPORATION

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under and by virtue of the General Corporation Laws of the State of Nevada, and all acts amendatory thereof or additional thereto, and to that end we do hereby certify;

FIRST: That the name of this corporation shall be

CANOGA ELECTRONICS CORPORATION

SECOND: That the place where its principal office is to be located is in the Virginia & Truckee Building in the City of Carson City, County of Ormsby, State of Nevada, and the resident agent in charge thereof is UNITED STATES CORPORATION COMPANY, whose address is Virginia & Truckee Building, but this corporation may maintain an office or offices in such other place or places as may be, from time to time, fixed by its Board of Directors or as may be fixed by the By-laws of the corporation.

THIRD: That the objects and purposes for which said corporation is formed, and the nature of the business proposed to be transacted, promoted or carried on by said corporation are:

To manufacture, produce, buy, sell, invent, lease, license others to use, import and export or otherwise turn to account and deal in all forms of electronic instruments and electronic equipment, and instruments now known or hereafter developed or made known and any other analogous instruments and devices and all supplies and things in any way related thereto and used in connection therewith.

To engage generally in any of the various branches of engineering and research, whether electrical, mechanical, civil, chemical, structural or otherwise, for itself or for others, and in the pursuit thereof, to acquire, maintain, operate, and control laboratories, factories, plants, experimental and testing stations, and to, in any manner, develop, promote, encourage, stimulate, and/or support inventions, discovery and exploration.

To acquire by license, lease or in any other lawful manner, the exclusive or other right or license to manufacture, distribute, sell and generally deal in particular electronic equipment, the accessories thereto, and any and all kinds of articles of any character or description, whether patented or otherwise; to sub-license or grant to any other corporation or any organization or person the right or license to manufacture, distribute, sell and generally deal in any of the articles or things in which this corporation will deal.

To manufacture, buy, sell, deal in or in any lawful manner acquire or dispose of any article, receptacle or thing necessary, useful or convenient in connection with the manufacture, distribution, sale or service of any and/or all products of this corporation, to do any or all things, and to conduct any business that may be deemed necessary, useful or convenient, all to the same extent as a natural person might or could do.

To carry on the business of the corporation in the United States or elsewhere as factors, agents, manufacturers' agents, wholesalers, merchandise brokers, commission merchants or merchants, to import and export, buy, sell, manipulate and deal in, at wholesale or retail, merchandise, goods, wares and commodities of every sort, kind or description, and in particular equipment, devices, machines and articles of all kinds, character and description, and to carry on any other business, whether manufacturing or otherwise, which can be conveniently carried on with any of the corporation's objects.

To conduct a general agency business, to employ, engage, hire and to appoint corporations, firms and individuals in any and all parts of the world, to act as agents and/or sub-agents and/or brokers, and/or factors for this corporation in such capacity or any other capacity whatsoever, and on such conditions as may be determined from time to time by the Board of Directors, the foregoing not being exclusive.

To manufacture, buy, sell, deal in and to engage in, conduct and carry on the business of manufacturing, buying, selling and dealing in goods, wares, and merchandise of every class and description.

To improve, manage, develop, sell, assign, transfer, lease, mortgage, pledge or otherwise dispose of or turn to account or deal with all or any part of the property of the corporation, and from time to time to vary any investment or employment of capital of the corporation.

To sell, assign, transfer, mortgage, pledge or otherwise dispose of any or all of the assets of the corporation as a whole or in any part.

To borrow money and to make and issue notes, bonds, debentures, obligations and evidences of indebtedness of all kinds, whether secured by mortgage, pledge or otherwise, without limit as to amount, and to secure the same by mortgage, pledge or otherwise.

To purchase, hold, sell and transfer the shares of its own capital stock; provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital; and provided further that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly.

To acquire the exclusive licenses and rights under such letters patent as may already have been issued in the United States of America or that may hereafter be issued, for inventions, processes, apparatus and devices, and improvements thereon; to hold all such licenses and rights and to operate and manufacture thereunder, and to grant licenses and rights in respect thereof; and to sell and assign the same or whole or in part, or to dispose of or otherwise turn to account any or all of the same as may, in the judgement of this Board of Directors, be for the best interests of the corporation.

To apply for, obtain, register, purchase, lease or otherwise acquire, and to hold, own, use, operate, introduce, develop or control, and to sell, assign, or otherwise dispose of, take or grant licenses or territorial rights in respect thereto, patents and trade-marks, or other rights with respect to, and in any and all ways to exploit or turn to account, inventions, improvements, processes, copyrights, concessions, patents, trade-marks, formulas, trade names and distinctive marks and similar rights of any and all kinds, and whether granted, registered or established by or under the laws of the United States or of any other state, country or place.

To become a member of any partnership or a party to any lawful agreement for sharing profits or to any union of interests, agreements for reciprocal concessions, joint adventure or cooperation or mutual trade agreement with any person, firm, partnership, co-partnership or corporation, that is carrying on or engaged in or that is about to carry on or engage in, any business which this corporation is authorized to carry on or that is conducting or transacting any business capable of being conducted so as directly or indirectly to benefit this corporation.

To undertake and carry on any business, undertaking, enterprise, venture, transaction or operation commonly undertaken or carried on by financiers, promoters, contractors, merchants, commission agents, and in the course thereof, to acquire and dispose of or otherwise turn to account, or realize upon all or any negotiable or transferable instruments and securities including debentures, bonds, notes, certificates of indebtedness, certificates of interest, and all kinds of commercial paper.

To the same extent as natural persons might or could do, to purchase or otherwise acquire, and to hold, own, maintain, work, develop, sell, lease, exchange, hire, convey, mortgage or otherwise dispose of and deal in, lands and leaseholds and any interest, estate and rights in real property, and any personal or mixed property and any franchises, rights, licenses or privileges necessary, convenient or appropriate for any of the purposes herein expressed.

To do all and everything necessary, suitable and proper for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers hereinbefore set forth, either alone or in association with other corporations, firms or individuals, and to do every other act or acts, thing or things incidental or appurtenant to or growing out of or connected with the aforesaid business or growing out of or connected with the aforesaid business, or powers or any part or parts thereof, provided the same be not inconsistent with the laws under which this corporation is organized.

To acquire by purchase, subscription or otherwise, and to hold for investment or otherwise and to use, sell, assign, transfer, mortgage, pledge or otherwise deal with or dispose of stocks, bonds or any other obligations or securities of any corporation or corporations; to merge or consolidate with any corporation in such manner as may be permitted by law; to aid in any manner any corporation whose stocks, bonds or other obligations are held or in any manner guaranteed by the corporation, or in which the corporation is in any way interested; and to do any other acts or things for the preservation, protection, improvement or enhancement of the value of any such stock, bonds, or other obligations, or to do any acts or things designed for any such purpose; and while owner of any such stock, bonds, or other obligations, to exercise all the rights, powers and privileges of ownership thereof, and to exercise any and all voting powers thereon; to guarantee the payment of dividends upon any stock, or the principal or interest or both of any bonds or other obligations, and the performance of any contracts.

The business or purpose of the corporation is, from time to time, to do any one or more of the acts and things hereinabove set forth, and generally, without limitation, to conduct and carry on any and all business pertaining to any of the foregoing, or which may seem to the corporation capable of being conveniently carried on in connection with any of the foregoing, or calculated, directly or indirectly, to enhance the value of or render profitable any of the corporation's property or rights, temporarily or permanently, and to have, enjoy and exercise all of the rights, powers and privileges which are now or which may hereafter be conferred upon corporations organized under the laws of the State of Nevada; and to do all or any of said things in the State of Nevada, or in any other part of the world; and to have one or more offices, and to exercise all or any of its corporate powers and rights, in the State of Nevada, and in the various other states, territories, colonies and dependencies of the United States, in the District of Columbia, and in all or any foreign countries.

That in addition to the foregoing enumerated objects and purposes, the corporation shall be authorized to engage in any lawful activity.

FOURTH: (a) This corporation is authorized to issue three classes of shares, to be designated respectively as "Common", "Preferred" and "Convertible Preferred"; the total number of shares which this corporation shall have authority to issue is 1,014,294; .

the number of Common shares that are to be without par value shall be 1,000,000; the number of Preferred shares shall be 5,294, and the par value of each share of such class shall be $100; and the number of Convertible Preferred shares shall be 9,000, and the par value of each share of such class shall be $100. Except as otherwise provided in this Article Fourth, said shares may be issued by this Corporation for such consideration as shall from time to time be determined by the Board of Directors.

(b) A statement of the rights, preferences, privileges and restrictions granted to or imposed upon the respective classes of shares or the holders thereof is as follows:

(1) The holders of the outstanding Preferred shares and the holders of the outstanding Convertible Preferred shares shall be entitled to receive, out of any funds legally available therefor, dividends at the rate of 6% and 8%, respectively, of the par value thereof per annum, payable in cash quarterly on the first days of January, April, July, and October each year, when and as declared by the Board of Directors of the corporation. Such dividends shall accrue from the date of original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative so that if such dividends in respect to any previous quarterly dividend period at the rate of 6% per annum on the Preferred and 8% per annum on the Convertible Preferred shall not have been paid on, or declared and set apart for, all Preferred and Convertible Preferred shares at the time outstanding, the deficiency shall be fully paid on or declared or set apart for the Common shares.

(2) In the event of a voluntary or involuntary liquidation, dissolution or winding up of this corporation, the holders of Preferred and Convertible Preferred shares shall be entitled to receive out of the assets of this corporation, whether such assets are capital or surplus or of any nature, an amount equal to one hundred per cent (100%) of the par value of such Preferred and Convertible Preferred shares, and in addition to such amount, a further amount equal to the dividends unpaid and accumulated thereon, as provided in paragraph (b)(1) of this Article FOURTH, to the date that payment is made available to the holders of Preferred and Convertible Preferred shares, whether earned

or declared or not, and no more, before any payment shall be made or any assets distributed to the holders of Common shares.

If upon such liquidation, dissolution or winding up, whether voluntary or involuntary, the assets thus distributed amont the holders of the Preferred and Convertible Preferred shares shall be insufficient to permit the payment to such shareholders of the full preferential amounts aforesaid, then the entire assets of this corporation to be distributed shall be distributed rateably among the holders of Preferred and Convertible Preferred shares.

In the event of any liquidation, dissolution or winding up of this corporation, whether voluntary or involuntary, subject to all of the preferential rights of the holders of Preferred and Convertible Preferred shares on distribution or otherwise, the holders of Common shares shall be entitled to receive, rateably, all remaining assets of this corporation.

A consolidation or merger of this corporation with or into any other corporation or corporations, or a sale of all or substantially all of the assets of the corporation, shall not be deemed to be a liquidation, dissolution, or winding up, within the measure of this paragraph.

(3) This corporation, at the option of the Board of Directors, may at any time from time to time, redeem the whole or any part of the outstanding Preferred and Convertible Preferred shares by paying in cash therefor One Hundred Dollars ($100) per share, and in addition to the aforementioned amount, an amount in cash equal to all dividends on Preferred and Convertible Preferred shares unpaid and accumulated as provided in paragraph (b)(1) of this Article FOURTH, whether earned or declared or not, to and including the date fixed for redemption, (such sum being hereinafter sometimes referred to as the "Redemption Price"). In case of the redemption of a part only of the outstanding Preferred or Convertible Preferred shares, this corporation shall effect such redemption pro rata, but within either or both of said classes of shares at the option of the corporation. Less than all of the Preferred and Convertible Preferred shares at any time outstanding may not be redeemed until all dividends accrued and in arrears upon all Preferred and Convertible Preferred shares outstanding shall have been paid for all past dividend periods, and until full dividends for the then current dividend period on all Preferred and Convertible Preferred shares

then outstanding, other than the shares to be redeemed, shall have paid or declared and the full amount thereof set apart for payment. At least thirty (30) days' previous notice by mail, postage prepaid, shall be given to the holders of record of the Preferred and Convertible Preferred shares to be redeemed, such notice to be addressed to each such shareholders at his post office address as shown by the records of this corporation. After the mailing of said notice, and upon the written request of any holder of Convertible Preferred shares called for redemption, the corporation shall furnish reasonable evidence of its ability to redeem all of the Convertible Preferred shares called for redemption, and failure by the corporation to furnish such evidence at least seven days prior to the date fixed for redemption shall constitute the cancellation of the notice of redemption of Convertible Preferred shares.

On or after the date fixed for redemption and stated in such notice, each holder of Preferred or Convertible Preferred shares called for redemption shall surrender his certificate evidencing such shares to this corporation at the place designated in such notice and shall thereupon be entitled to receive payment of the Redemption Price. In case less than all the shares represented by any such surrendered certificates are redeemed, a new certificate shall be issued representing the unredeemed shares. If such notice of redemption shall have been duly given, and if on the date fixed for redemption funds necessary for the redemption shall be available therefor, then, notwithstanding that the certificates evidencing any Preferred or Convertible Preferred shares so called for redemption shall not have been surrendered, the dividends with respect to the shares so called for redemption shall cease to accrue after the date fixed for redemption and all rights with respect to the shares so called for redemption shall forthwith after such date cease and determine, except only the right of the holders to receive the Redemption Price, without interest, upon surrender of their certificates therefor.

If, on or prior to any date fixed for redemption of Preferred or Convertible Preferred shares, this corporation deposits, with any bank or trust company in the County of Los Angeles, State of California, as a trust fund, a sum sufficient to redeem, on the date fixed for redemption thereof, the shares called for redemption, with irrevocable instructions and authority to the bank or trust company to give the notice of redemption thereof if such notice shall not previously have been given by this corporation, or to complete the giving of such notice if theretofore commenced, and to pay, on and after the date fixed for redemption or prior thereto, the Redemption Price of the shares to their respective holders upon the surrender of their share certificates, then and from and after the date of the deposit (although prior to the date fixed for redemption), the shares so called shall be deemed to be redeemed and dividends on those shares shall cease to accrue after the date fixed for redemption. The deposit shall be deemed to constitute full payment of the shares to their holders and from and after the date of the deposit the shares shall be deemed to be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares, and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the Redemption Price of the shares without interest, upon the surrender of their certificates therefor, and the right to convert said shares as provided herein at any time up to but not after the close of business on the 5th day prior to the date fixed for a redemption of such shares. Any money so deposited on account of the Redemption Price of the Preferred or Convertible Preferred shares converted subsequent to the making of such deposit shall be repaid to the corporation forthwith upon the conversion of such Convertible Preferred shares.

(4) (A) Each holder of Convertible Preferred shares may at any time or on or prior to the fifth day prior to any date fixed for the redemption thereof in any notice of redemption given pursuant to the provisions hereof, upon surrender of the certificates therefor, convert any or all of his Convertible Preferred shares into fully paid non-assessable Common shares of the corporation, at the rate of 14.536 Common shares for each Convertible Preferred share so surrendered for conversion, provided, however, that no adjustment shall be made with respect to dividends that may be cumulated and unpaid at the date of surrender for conversion. Such option to convert shall be exercised by surrendering for such purpose to the corporation, at any place where the corporation shall maintain a transfer agency for its shares, certificates representing the shares to be converted, duly endorsed in blank or accompanied by proper instruments of transfer, to convert shall be deemed to be the

holder of record of the Common shares issuable on such conversion, notwithstanding that the share register of the corporation shall then be closed or the certificates representing such Common shares shall then be actually delivered to him.

(B) The number of Common shares into which Convertible Preferred shares may be converted shall be subject to adjustment from time to time in certain cases as follows:

(i) In case the corporation shall be recapitalized into a greater or smaller number of shares, then in each such case the number of Common shares into which Convertible Preferred shares may be converted shall be increased or reduced in the same proportion;

(ii) In case of any capital reorganization or any reclassification of the capital stock of the corporation or in case of the consolidation or merger of the corporation with or into another corporation or the sale or conveyance of all or substantially all of the assets of the corporation to another corporation, each Convertible Preferred share shall thereafter be convertible into the same kind and amounts of securities (including shares of stock) or other assets, or both, which were issuable or distributable to the holders of outstanding Common shares of the corporation upon such reorganization, reclassification, consolidation, merger, sale or conveyance, in respect of that number of Common shares into which such Convertible Preferred share might have been converted immediately prior to such reorganization, reclassification, consolidation, merger, sale or conveyance; and in any such case, appropriate adjustments (as determined by the Board of Directors) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Convertible Preferred shares, to the end that the provisions set forth herein (including provisions with respect to changes in, and other adjustments of, the conversion rate) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other assets thereafter deliverable upon the conversion of the Convertible Preferred shares.

(C) The corporation shall at all times reserve and keep available out of its authorized but unissued Common shares the full number of Common shares deliverable upon the conversion of all the then outstanding Convertible Preferred shares and shall take all such action and obtain such permits or orders as may be necessary to enable the corporation lawfully to issue such Common shares upon the conversion of Convertible Preferred shares.

(D) Upon conversion, no fractional Common shares shall be issued, but in lieu thereof, the corporation shall pay, in cash, an amount equivalent to the fair market value of the fractional share to which the shareholder converting would be entitled if fractional shares were issued.

. . . . . . holders of the Common, Preferred and Convertible Preferred shares shall have one vote for each share and each shareholder shall be entitled to notice of and to vote at any shareholders' meeting.

If at any time eight (8) or more quarterly dividends (whether consecutive or not) on the Preferred shares shall be in default, in whole or in part, the holders of Preferred shares as a class shall be entitled to elect the smallest number of Directors which will constitute a majority of the authorized number of Directors, and the holders of Common shares as a class shall be entitled to elect the remaining members of the Board of Directors. At such time as all dividends accrued on the outstanding Preferred shares have been paid or declared and set apart for payment, the rights of the holders of Preferred shares to vote as provided in this paragraph (5) shall cease subject to renewal from time to time upon the same terms and conditions.

At any time after the voting power to elect a majority of the Board of Directors shall have become vested in the holders of the Preferred shares as provided in this paragraph (5), the Secretary of the corporation may, and upon the request of the record holders of at least ten per cent (10%) of the Preferred shares then outstanding addressed to him at the principal office of this corporation shall, call a special meeting of shareholders for the election of Directors, to be held at the place and upon the notice provided in the by-laws of the corporation for the holding of annual meetings. If such meeting shall not be so called within ten (10) days after personal service of the request, or within fifteen (15) days after mailing of the same by registered mail within the United States of America, then the record holders of at least ten per cent (10%) of the Preferred shares then outstanding may designate in writing one of their number to call such meeting, and the person so designated may call such meeting at the place and upon the notice above provided, and for that purpose shall have access to the stock books of the corporation. At any meeting so called or at any annual meeting held while the holders of the Preferred shares have the voting power to elect a majority of the Board of Directors, the holders of a majority of the then outstanding Preferred shares, present in person or by proxy, shall be sufficient to constitute a quorum for the election of directors as herein provided. The terms of office of all persons who are Directors of the corporation at the time of such meeting shall terminate upon the election at such meeting by the holders of the Preferred shares of the number of Directors they are entitled to elect, and the persons so elected as Directors by the holders of the Preferred shares, together with such persons, if any, as may be elected a Directors by the holders of the Common shares, shall constitute the duly elected Directors of this corporation. In the event the holders of the Common shares fail to elect the number of Directors which they are entitled to elect at such meeting, additional Directors may be appointed by the Directors elected by the holders of Preferred shares.

Whenever the holders of the Preferred shares shall be divested of such voting power as hereinabove in this paragraph (5) provided the term of office of all persons who are at the time Directors of the corporation shall terminate upon the election of their successors by all shareholders.

(6) So long as any of the Preferred or Convertible Preferred shares shall be outstanding this corporation shall not without first obtaining the approval by vote or written consent, as provided by law, of the holders of at least two-thirds of the total number of Preferred and Convertible Preferred shares outstanding.

(A) Alter to change the rights, preferences or privileges of the Preferred or Convertible Preferred shares so as materially adversely to affect the Preferred or Convertible Preferred shares; or

(B) Increase the authorized number of Preferred or Convertible Preferred shares; or

(C) Create any new class of shares having preference over or on a parity with the Preferred or Convertible Preferred shares as to dividends or assets, unless the purpose of creation of such class is, and the proceeds to be derived from the sale and issuance thereof are to be used for, the retirement of all Preferred and Convertible Preferred shares then outstanding; or

(D) Issue any Common shares or reissue any Treasury shares; or

(E) Purchase any Common shares (provided that the consent of holders of Convertible Preferred shares shall not be required for such action); or

(F) Merge or consolidate with any other corporation, except into or with a wholly-owned subsidiary corporation; or

(G) Sell, convey or otherwise dispose of all or substantially all of the property or business of this corporation; or

(H) Incur, assume, or guarantee any indebtedness (other than such as may be represented by the obligation to pay rent under leases) maturing more than eighteen (18) months after the date on which it is incurred, assumed, or guaranteed by the corporation, except purchase money obligations, obligations assumed as part of the price of property purchased, or the extension, renewal or refunding of any thereof.

(7) At all elections of Directors of the corporation each stockholder entitled to vote upon such election shall be entitled to that number of votes as shall equal the number of votes which (except for such provision as to cumulative voting) he would be entitled to cast for the election of Directors multiplied by the number of Directors to be elected, and he may cast all of such votes for a single candidate for Director or may distribute them among any two or more of them, as he may see fit. This right, when exercised, shall be termed cumulative voting.

Upon the effective date of this amendment each share of no par value capital stock outstanding immediately preceding the effective date of this amendment shall be split, converted and reclassified into 1.6351 shares of Common stock without par value; provided, however, that no fractional shares shall be issued upon said stock split.

FIFTH: That the members of the governing Board of this corporation shall be styled Directors, and the number of said Directors shall be five (5) and they may, from time to time, be increased or decreased in such a manner as shall be provided in the by-laws of this corporation, provided that the number shall not be reduced to less than three (3). In case of any increase in the number of Directors, the additional Directors may be elected by the stockholders at any annual or special meeting, or by the Directors, as shall be provided by the by-laws.

That the names and post office addresses of the first Board of Directors are as follows:

NAMES	ADDRESSES
D. C. Smith	312 W. 2nd Street Carson City, Nevada
J. L. Foster	4 Circle Drive Carson City, Nevada

L. S. Taylor	4 Crest Drive Carson City, Nevada
P. Burroughs	719 N. Carson Street Carson City, Nevada
E. A. Haglund	217 N. Iris Carson City, Nevada

SIXTH: That the capital stock of the corporation shall not be subject to assessment.

SEVENTH: That the names and addresses of each of the original incorporators are as follows:

NAMES	ADDRESSES
D. C. Smith	312 W. 2nd Street Carson City, Nevada
J. L. Foster	4 Circle Drive Carson City, Nevada
L. S. Taylor	4 Crest Drive Carson City, Nevada
P. Burroughs	719 N. Carson Street Carson City, Nevada
E. A. Haglund	217 N. Iris Carson City, Nevada

EIGHTH: That the period of the existence of said corporation shall be unlimited.

NINTH: That the private property of the stockholders, Directors and officers shall not be subject to the payment of corporate debts to any extent whatever.

In furtherance and not in limitation of the powers conferred by statute, the Directors are expressly authorized:

To hold their meetings, to have one or more offices and keep the books of the corporation, except as may be otherwise specifically provided by the laws of the State of Nevada, within or without the State of Nevada, at such places as may be, from time to time, designated by them.

To make, alter, amend and rescind the by-laws of the corporation, to fix the amount to be reserved as working capital, to fix the times for the declaration and payment of dividends, to authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation, provided that always a majority of the whole Board shall concur therein.

By a resolution passed by a majority vote of the whole Board under suitable provisions of the by-laws to designate two or more of their number to constitute an executive committee, which committee shall, for the time being, as provided in said resolution or by the by-laws, have and exercise any or all of the powers of the Board of Directors which may be lawfully delegated in the management of the business and affairs of the corporation and shall have power to authorize the seal of the corporation to be affixed to all papers which may require it.

The corporation may use and apply its surplus earnings or accumulated profits to the purchase or acquisition of its own capital stock from time to time to such extent and in such manner and upon such terms as its Board of Directors shall determine; and neither the property nor the capital stock so purchased and acquired shall be regarded as profits for the purpose of declaration or payment of dividends, unless otherwise determined by a majority of the Board of Directors.

The corporation reserves the right to amend, alter or repeal any provisions contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

TENTH: Unless otherwise determined by the Board of Directors no holder of stock of the corporation shall be entitled as such, as a matter of right, to purchase or subscribe for any stock of any class which the corporation may issue or sell, whether or not exchangeable for any stock of the corporation as originally filed or by any amendment thereof or out of shares of stock of the corporation acquired by it after the issue thereof, and whether issued for cash, labor done, personal property, or real property, or leases thereof, nor shall he be entitled to any right of subscription to any thereof; unless otherwise determined by the Board of Directors, shall any holder of any shares of the capital stock of the corporation be entitled as such, as a matter of right, to purchase or subscribe for any obligation which the corporation may issue or sell that shall be convertible into or exchangeable for any shares of the stock of the corporation of any class or classes, or to which shall be attached or appurtenant any warrant or warrants or other instrument or instruments that shall confer upon the holder or holders of such obligation the right to subscribe for or purchase from the corporation any shares of its capital stock of any class or classes.

IN WITNESS WHEREOF, we have set our hands and seals this 7th day of September 1960.

D. C. SMITH

J. L. FOSTER

L. S. TAYLOR

P. BURROUGHS

E. A. HAGLUND

Signed, sealed and executed in the presence of

WILLIAM E. DIAL
AS TO ALL

STATE OF NEVADA)
COUNTY OF ORMSBY) SS:
)

BE IT REMEMBERED, that on this 7th day of September, 1960, before me personally appeared a Notary Public in and for the said County and State, D.C. SMITH, J. L. FOSTER, L. S. TAYLOR, P. BURROUGHS and E. A. HAGLUND, known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WILLIAM E. DIAL
Notary Public in and for the
County of Ormsby
State of Nevada

My commission Expires: June 10, 1961

(NOTARIAL SEAL)

AFFADAVIT OF PRESIDENT AND SECRETARY

HOLLEY B. DICKINSON and THEODORE A. McCABE, JR. being first duly sworn, state as follows:

1. That they are respectively, President and Secretary of CANOGA ELECTRONICS CORPORATION

2. That they have been authorized to execute this Certificate of RESTATED ARTICLES OF INCORPORATION by resolution of the Board of Directors of the said corporation adopted on April 21, 1966

3. That the within Certificate clearly states further the text of the ARTICLES OF INCORPORATION of the said corporation as amended to and including the date of this Certificate.

HOLLEY B. DICKINSON

THEODORE A. McCABE, JR.

Subscribed and sworn to before me,
a Notary Public, this 22nd day of
April, 1966.

A. JERRY CECH

My Commission Expires January 23, 1969